
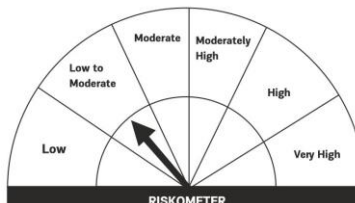


**Scheme Information Document**

**ADITYA BIRLA SUN LIFE SAVINGS FUND**

(An open ended ultra-short term debt scheme investing in instruments such that Macaulay duration of the portfolio is between 3 months and 6 months. A moderate interest rate risk and moderate credit risk.)

|  |   |  |
|--|---|--|
| <b>This product is suitable for investors who are seeking*:</b>  |   |  |
| <ul style="list-style-type: none"> <li>Reasonable returns with convenience of liquidity over short term.</li> <li>Investments in debt and money market instruments.</li> </ul> | <b>Scheme Risk-o-meter</b>  | <b>Benchmark (NIFTY Ultra Short Duration Debt Index A-I) Risk-o-meter</b>  |
|  |  <p>Investors understand that their principal will be at Moderate risk</p> |  <p>Investors understand that their principal will be at Low to Moderate risk</p> |

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

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

Continuous Offer for Units at NAV based prices.

|   |   |  |
|---|---|--|
| <p><b><u>NAME OF MUTUAL FUND</u></b><br/>ADITYA BIRLA SUN LIFE MUTUAL FUND<br/>One World Center, Tower 1, 17<sup>th</sup> Floor, Jupiter Mills, Senapati Bapat Marg, Elphinstone Road, Mumbai-400013<br/>Tel: 43568000<br/>Fax No: 43568110 / 8111<br/>Website<br/><a href="http://www.mutualfund.adityabirlacapital.com">www.mutualfund.adityabirlacapital.com</a></p> | <p><b><u>NAME OF THE ASSET MANAGEMENT COMPANY</u></b><br/>ADITYA BIRLA SUN LIFE AMC LIMITED<br/>One World Center, Tower 1, 17<sup>th</sup> Floor, Jupiter Mills, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013<br/>Tel: 43568000<br/>Fax No: 43568110 / 8111<br/>CIN: L65991MH1994PLC080811</p> | <p><b><u>NAME OF THE TRUSTEE COMPANY</u></b><br/>ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED<br/>One World Center, Tower 1, 17<sup>th</sup> Floor, Jupiter Mills, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013<br/>Tel: 43568000<br/>Fax No: 43568110 / 8111<br/>CIN: U74899MH1994PTC166755</p> |
|---|---|--|

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 circulars issued thereunder 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 Aditya Birla Sun Life Mutual Fund, Standard Risk Factors, Special Considerations, Tax and Legal issues and general information on on [www.mutualfund.adityabirlacapital.com](http://www.mutualfund.adityabirlacapital.com)

SAI is incorporated by reference (is legally a part of the Scheme Information Document). 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 (Section I and II) should be read in conjunction with the SAI and not in isolation.**

This Scheme Information Document is dated June 30, 2024.

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**Part I. HIGHLIGHTS/SUMMARY OF THE SCHEME**

| Sr. No. | Title                                 | Description   |
|---------|---------------------------------------|---|
| I.      | <b>Name of the scheme</b>             | Aditya Birla Sun Life Savings Fund  |
| II.     | <b>Category of the Scheme</b>         | Ultra Short Duration Fund   |
| III.    | <b>Scheme type</b>                    | An open ended ultra-short term debt scheme investing in instruments such that Macaulay duration of the portfolio is between 3 months and 6 months. A moderate interest rate risk and moderate credit risk.  |
| IV.     | <b>Scheme code</b>                    | ABSL/O/D/USD/01/11/0015   |
| V.      | <b>Investment objective</b>           | <p>The primary objective to generate regular income through investments in debt and money market instruments. Income may be generated through the receipt of coupon payments or the purchase and sale of securities in the underlying portfolio. The scheme will under normal market conditions, invest its net assets in fixed income securities, money market instruments, cash and cash equivalents.</p> <p><b>The Scheme does not guarantee/indicate any returns. There is no assurance that the schemes' objectives will be achieved.</b></p>  |
| VI.     | <b>Inception date</b>                 | November 27, 2001   |
| VII.    | <b>Liquidity/listing details</b>      | The Scheme is open for Subscription/ Switch-in and Redemption / Switch-out of Units on every Business Day on an ongoing basis. As per SEBI Regulations, The Mutual Fund shall transfer the Redemption proceeds within three working days from the date of Redemption or repurchase. A penal interest of 15% per annum or such other rate as may be prescribed by SEBI from time to time, will be paid in case the redemption proceeds are not made within 10 Business Days of the date of receipt of a valid redemption request.  |
| VIII.   | <b>Benchmark (Total Return Index)</b> | <p><b>NIFTY Ultra Short Duration Debt Index B-I</b></p> <p>In line with the PRC Matrix/classification, the maturity profile of the Scheme and the investible universe in which the Scheme intends to invest, the Benchmark is most suited for comparison of the performance of the Scheme.</p>  |
| IX.     | <b>NAV disclosure</b>                 | <p>The NAV will be calculated and disclosed for every Business Day. NAV of the scheme will be calculated up to four decimal places. AMC shall update the NAV on the AMFI website (<a href="http://www.amfiindia.com">www.amfiindia.com</a>) and on the website of the Mutual Fund (<a href="http://www.mutualfund.adityabirlacapital.com">www.mutualfund.adityabirlacapital.com</a>) by 11.00 pm on the day of declaration of the NAV.</p> <p>In case NAV of Corporate Debt Market Development Fund ('CDMDF') units is not available by 9:30 p.m. of same Business Day, NAV declaration timing for Mutual Fund Schemes holding units of CDMDF shall be 10 a.m. on next business day instead of 11 p.m. on same Business Day.</p> <p>Further, the Mutual Fund / AMC will extend the facility of sending latest available NAVs of the Scheme to the Unit holders through SMS upon receiving a specific request in this regard. Also, information regarding NAVs can be obtained by the Unit holders / Investors by calling or visiting the nearest ISC.</p> |
| X.      | <b>Applicable timelines</b>           | <p>• <b>Dispatch of redemption proceeds:</b><br/>The Mutual Fund shall transfer the Redemption proceeds within three</p>  |

|              |  |   |
|--------------|--|---|
|              |  | <p>working days from date of receipt. However, in case of exceptional circumstances mentioned in para 14.1.3 of SEBI Master Circular dated May 19, 2023, redemption or repurchase proceeds will be transferred / dispatched to Unitholders within the time frame prescribed for such exceptional circumstances. For further details, investors are requested to refer to Statement of Additional Information (SAI).</p> <p>• <b>Dispatch of IDCW -</b><br/>The IDCW payment shall be made to the unitholders within 7 working days from record date.</p>  |
| <b>XI.</b>   | <b>Plans and Options</b><br>Plans/Options and sub options under the Scheme | <ul style="list-style-type: none"> <li>• <b>Plan- The Scheme will have Regular Plan and Direct Plan</b> with a common portfolio and separate NAVs. Investors should indicate the Plan for which the subscription is made by indicating the choice in the application form.</li> <li>• <b>Options under each Plan(s):</b> <ol style="list-style-type: none"> <li>1. Daily IDCW Option (Reinvestment)*</li> <li>2. Weekly IDCW Option^ (Payout and Reinvestment) *</li> <li>3. Growth Option</li> </ol> </li> </ul> <p><i>^Friday of each week</i><br/><i>*the amounts can be distributed out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains</i></p> <ul style="list-style-type: none"> <li>• <b>Default Option/ Sub-Option:</b> Daily IDCW Option (Reinvestment).</li> </ul> <p>For detailed disclosure on default plans and options, kindly refer SAI.</p> |
| <b>XII.</b>  | <b>Load Structure</b>  | <p><b>Exit Load:</b> Nil.</p> <p>The Load Structure is subject to change from time to time and shall be implemented prospectively and will be calculated on First in First Out (FIFO) basis. For further details on Load Structure, please refer Part D of this Scheme Information Document.</p>  |
| <b>XIII.</b> | <b>Minimum Application Amount/switch in</b>                                | <b>Fresh Purchase (Incl. Switch-in):</b> Minimum of Rs. 1000/- and in multiples of Re. 1/- thereafter   |
| <b>XIV.</b>  | <b>Minimum Additional Purchase Amount</b>                                  | <b>Additional Purchase (Incl. Switch-in):</b> Minimum of Rs.1000/- and in multiples of Re.1/- thereafter  |
| <b>XV.</b>   | <b>Minimum Redemption/switch out amount</b>                                | <p><b>Repurchase for all Plans/Options:</b> In Multiples of Re. 1/- or 0.001 units</p> <p>Note – For investments made by designated employees of Aditya Birla Sun Life AMC Limited in terms of para 6.10 of SEBI Master Circular on Mutual Funds dated May 19, 2023, requirement for minimum application/ redemption amount will not be applicable.</p>   |
| <b>XVI.</b>  | <b>Segregated portfolio/side pocketing disclosure</b>                      | <p>In order to ensure fair treatment to all investors in case of a Credit Event and to deal with liquidity risk, SEBI vide para 4.4 of SEBI Master Circular on Mutual Funds dated May 19, 2023, as amended from time to time has allowed creation of Segregated Portfolio of debt and money market instruments by mutual fund schemes. Creation of a Segregated Portfolio shall be optional and at the sole discretion of the asset management company.</p> <p>Segregated portfolio will 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:</p> <ul style="list-style-type: none"> <li>• Downgrade of a debt or money market instrument to 'below</li> </ul>  |

|               |   |   |
|---------------|---|---|
|               |   | <p>investment grade, or</p> <ul style="list-style-type: none"> <li>• Subsequent downgrades of the said instruments from 'below investment grade, or</li> <li>• Similar such downgrades of a loan rating.</li> </ul> <p>Please refer to Statement of Additional Information (SAI) for details.</p>   |
| <b>XVII.</b>  | <b>Swing pricing disclosure</b>   | <p>Swing pricing refers to a process for adjusting a fund's net asset value (NAV) to effectively pass on transaction costs stemming from net capital activity (i.e., flows into or out of the fund) to the investors associated with that activity during the life of a fund.</p> <p>Please refer to Statement of Additional Information (SAI) for details.</p>   |
| <b>XVIII.</b> | <b>Stock lending/short selling</b>  | <p>The scheme will not indulge in short selling.</p>  |
| <b>XIX.</b>   | <b>How to Apply and other details</b>   | <p>Application form and Key Information Memorandum may be obtained from the designated offices / ISCs of AMC or Investor Service Centres (ISCs) of the Registrar or distributors or downloaded from <a href="http://www.mutualfund.adityabirlacapital.com">www.mutualfund.adityabirlacapital.com</a>.</p> <p>Please refer to the Section II for further details.</p>  |
| <b>XX.</b>    | <b>Flexibility</b>  | <p>The Mutual Fund will allow investors the flexibility to switch their investments from any other open ended scheme(s)/ plans and / or close ended scheme(s) / plans offered by the Mutual Fund to any open ended scheme on an ongoing basis (subject to completion of lock-in period, if any, of the units of the scheme(s) from where the units are being switched).</p>   |
| <b>XXI.</b>   | <b>Investor services</b>  | <ul style="list-style-type: none"> <li>• <b>Contact details for general service requests:</b><br/>Investors may contact the ISCs or the office of the AMC for any queries /clarifications.<br/>The Head Office of the AMC will follow up with the respective ISC to ensure timely redressal and prompt investor services.</li> <li>• <b>Contact details for complaint resolution:</b><br/><br/>Ms. Keerti Gupta can be contacted at the office of the AMC at One World Center, Tower 1, 17th Floor, Jupiter Mills, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400013. Contact Nos: 1800-22-7000 / 1800-270-7000 (Toll free)<br/>Email: <a href="mailto:care.mutualfunds@adityabirlacapital.com">care.mutualfunds@adityabirlacapital.com</a></li> </ul> <p>For any grievances with respect to transactions through Stock Exchange Platform for Mutual Funds, the investors should approach either the stock broker or the investor grievance cell of the respective stock exchange.</p> |
| <b>XXII.</b>  | <b>Specific attribute of the scheme (such as lock in, duration in case of target maturity scheme/close ended schemes) (as applicable)</b> | <p>Not Applicable</p>   |
| <b>XXIII.</b> | <b>Weblink</b>  | <ul style="list-style-type: none"> <li>• TER for last 6 months and Daily TER – <a href="https://mutualfund.adityabirlacapital.com/forms-and-downloads/total-expense-ratio">https://mutualfund.adityabirlacapital.com/forms-and-downloads/total-expense-ratio</a></li> <li>• Scheme factsheet - <a href="https://mutualfund.adityabirlacapital.com/forms-and-">https://mutualfund.adityabirlacapital.com/forms-and-</a></li> </ul>   |

|  |  |                                      |
|--|--|--------------------------------------|
|  |  | <a href="#">downloads/factsheets</a> |
|--|--|--------------------------------------|

**DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

The Asset Management Company confirms that a Due Diligence Certificate duly signed by the Compliance Officer of Aditya Birla Sun Life AMC Limited, has been submitted to SEBI on June 30, 2024 which reads as follows:

**Due Diligence Certificate**

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.
- (v) The contents of the Scheme Information Document including figures, data, yields, etc. have been checked and are factually correct.
- (vi) The AMC has complied with the set of checklist applicable for Scheme Information Documents and that there are no deviations from the regulations.
- (vii) 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.
- (viii) The Trustees have ensured that Aditya Birla Sun Life Savings Fund approved by them is a new product offered by Aditya Birla Sun Life Mutual Fund and is not a minor modification of any existing scheme/fund/product.

PLACE: Mumbai  
DATE: June 30, 2024

Sd/-  
**Mr. Parth Makwana**  
Compliance Officer



## Part II. INFORMATION ABOUT THE SCHEME

### A. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

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

| Instruments                                  | Indicative Allocations<br>(% of total Assets) |         |
|--|---|---------|
|  | Minimum                                       | Maximum |
| Debt Securities and Money Market Instruments | 0%  | 100%    |

Macaulay duration of the portfolio will be between 3 months- 6 months.

**Indicative Table** (Actual instrument/percentages may vary subject to applicable SEBI circulars)

| Sr. no | Type of Instrument      | Percentage of exposure   | Circular references  |
|--------|-------------------------|--|--|
| 1.     | Overseas Securities     | The Scheme may invest in overseas financial assets in accordance with guidelines as stipulated by SEBI from time to time. Under normal circumstances, the Scheme shall not have an exposure of more than 15% of its net assets in foreign securities, subject to regulatory limits.    | Para 12.19 of SEBI Master Circular dated May 19, 2023.   |
| 2.     | Derivatives Instruments | The Scheme may also invest up to 50% of the portfolio in such derivative instruments as may be introduced from time to time subject to framework specified by SEBI, for the purpose of hedging and portfolio balancing and other uses as may be permitted under SEBI (MF) Regulations. | Para 7.5, 7.6 and 12.25 of SEBI Master Circular dated May 19, 2023.  |
| 3.     | Securitized Debt        | Investment in securitized debt shall not exceed 50% of the net assets of the Scheme.   | Clause 1 of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996 and Para 12.15 of SEBI Master Circular dated May 19, 2023. |

If the scheme decides to invest in securitised debt, it is the intention of the Investment Manager that such investments will not, normally, exceed 50% of the corpus of the Scheme.

The scheme may also invest upto 50% of the portfolio (i.e. net assets including cash) in such derivative instruments as may be introduced from time to time subject to framework specified by SEBI, for the purpose of hedging and portfolio balancing and other uses as may be permitted under SEBI Regulations.

Under normal circumstances each scheme shall not have an exposure of more than 15% of its net assets in foreign securities. However, the AMC with a view to protecting the interests of the investors, may increase exposure in foreign securities as deemed fit from time to time.

In accordance with the requirement of Regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund, scheme shall invest 25 bps of its AUM as on

December 31, 2022 in the units of the Corporate Debt Market Development Fund ('CDMDF') within 10 working days from the request of CDMDF. Further, an incremental contribution to CDMDF shall be made every six months within 10 working days from the end of half year starting from December 2023 to ensure 25 bps of scheme AUM is invested in units of CDMDF. However, if AUM decreases there shall be no return or redemption from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF.

However, in case of winding up of contributing Scheme, inter-scheme transfers within the same Mutual Fund or across Mutual Funds may be undertaken.

Further, investments in CDMDF units shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable Investment limits) and the calculations of Potential Risk Class (PRC) Matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDF.

As per SEBI Circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/152 dated September 06, 2023, for calculation of asset allocation limits of the Scheme in terms of Part IV of Chapter 2 on 'Categorization and Rationalization of Mutual Fund Schemes' of Master Circular for Mutual Funds dated May 19, 2023, investment in units of CDMDF shall be excluded from base of net assets.

## **Portfolio Rebalancing**

### Rebalancing due to Short Term Defensive Consideration

Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a short term and defensive considerations as per para 1.14.1.2 of SEBI Master Circular on Mutual Funds dated May 19, 2023, and the fund manager will rebalance the portfolio within 30 calendar days from the date of deviation.

### Rebalancing due to Passive Breach:

Further, as per para 2.9 of SEBI Master Circular on Mutual Funds dated May 19, 2023, as may be amended from time to time, in the event of deviation from mandated asset allocation due to passive breaches (occurrence of instances not arising out of omission and commission of the AMC), the fund manager shall rebalance the portfolio of the Scheme within 30 Business Days. In case the portfolio of the Scheme is not rebalanced within the period of 30 Business Days, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before the Investment Committee of the AMC. The Investment Committee, if it so desires, can extend the timeline for rebalancing up to sixty (60) Business Days from the date of completion of mandated rebalancing period. Further, in case the portfolio is not rebalanced within the aforementioned mandated plus extended timelines the AMC shall comply with the prescribed restrictions, the reporting and disclosure requirements as specified in para 2.9 of SEBI Master Circular on Mutual Funds dated May 19, 2023.

Provided further and subject to the above, any change in the asset allocation affecting the investment profile of the Scheme shall be affected only in accordance with the provisions of sub regulation (26) of Regulation 25 of the Regulations, as detailed later in this document.

## **B. WHERE WILL THE SCHEME INVEST?**

Subject to the Regulations, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities as permitted by SEBI/ RBI from time to time:

1. Securities issued by Government of India. Repos/reverse repos in Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
2. Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).

3. Debt obligations of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee.
4. Corporate debt and securities (of both public and private sector undertakings) including Bonds, Debentures, Notes, Strips etc.
5. Money Market Instruments include Commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity upto one year, call or notice money, certificate of deposit, usance bill and any other like instruments as specified by the Reserve Bank of India/SEBI from time to time subject to regulatory approvals, if any..
6. Certificate of Deposits (CDs).
7. Commercial Paper (CPs).
8. Securitised Debt Obligations.
9. The non-convertible part of convertible securities
10. Any other domestic fixed income securities.
11. Pass through, Pay through or other Participation Certificates, representing interest in a pool assets including receivables.
12. Derivative instruments like Interest Rate Swaps, Forward Rate Agreements and such other derivative instruments permitted by SEBI/RBI.
13. Foreign securities as permitted by RBI and SEBI.
14. Any other like instruments as may be permitted by RBI/SEBI/ such other Regulatory Authority from time to time.
15. Units of Corporate Debt Market Development Fund

The securities mentioned above could be listed or to be listed, secured or unsecured, rated or un-rated and of varying maturity, as enabled under SEBI Regulations/ circulars/ RBI. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations, private placement, rights offers or negotiated deals.

### C. WHAT ARE THE INVESTMENT STRATEGIES?

The investment emphasis of the scheme will be in identifying companies with a strong competitive position in good businesses, and having quality managements. The investment strategy would emphasis investment in instruments that generate consistently superior yields at low levels of risk.

Given the nature of the scheme, liquidity would be a key driver in the construction of the portfolio. The scheme may review the above pattern of investments based on views on interest rates and asset liability management needs. From time to time, it is possible that the portfolio may hold cash.

However, at all times the portfolio will adhere to the overall investment allocation pattern as specified earlier.

The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price. Macaulay duration is frequently used by portfolio managers who use an immunization strategy. Macaulay duration can be calculated:

$$\text{MacaulayDuration} = \frac{\sum_{t=1}^n \frac{t * C}{(1+y)^t} + \frac{n * M}{(1+y)^n}}{\text{Current Bond Price}}$$

Where:

- $t$  = respective time period
- $C$  = periodic coupon payment
- $y$  = periodic yield
- $n$  = total number of periods
- $M$  = maturity value
- Current Bond Price = Present value of cash flows

The Macaulay duration can be viewed as the economic balance point of a group of cash flows. Another way to interpret the statistic is that it is the weighted average number of years an investor must maintain a position in the bond until the present value of the bond's cash flows equals the amount paid for the bond.

### Factors affecting duration

A bond's price, maturity, coupon and yield to maturity all factor into the calculation of duration. All else equal, as maturity increases, duration increases. As a bond's coupon increases, its duration decreases.

As interest rates increase, duration decreases and the bond's sensitivity to further interest rate increases goes down. Also, sinking fund in place, a scheduled prepayment before maturity and call provisions lower a bond's duration.

### Risk Control

The overall portfolio structuring would aim at controlling risk at a moderate level. Both very aggressive and very defensive postures would be avoided. Fixed income security specific risk will also be managed through broad diversification of the portfolio within the framework of the above mentioned investment objective and policies. Macroeconomic risk will be addressed through focused and ongoing review of relevant business and economic environment. All efforts will be made to protect the NAV of the scheme and the interest of the unit holders.

Investment in debentures and bonds (where the tenure exceeds 18 months) will usually be in instruments which have been assigned at least investment grade ratings by leading credit rating companies such as The Credit Rating Information Services of India Ltd. (CRISIL), Investment Information and Credit Rating Agency (ICRA) or Credit Analysis and Research (CARE) or any other approved agency. When any existing fixed-income investment is downgraded, efforts will be made towards quickly selling it off.

Investments in debt instruments shall have a relatively low risk, and those in money market instruments shall have even lower risk profile. Liquidity will be a very important consideration for investment decisions, due to the potential of large redemption inherent in open ended schemes. As a result, a reasonable proportion of the scheme's investments will be made in relatively liquid investments.

ABSLAMC may, from time to time, review and modify the Scheme's investment strategy if such changes are considered to be in the best interest of the unit holders and if market conditions so warrant. Investments in securities and instruments not specifically mentioned earlier may also be made, provided they are permitted by SEBI.

## D. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

The performance of the scheme will be benchmarked to the performance of **following benchmark index:**

### Rationale for adoption of benchmark:

**NIFTY Ultra Short Duration Debt Index B-I:**

The Maturity profile and Construct of the benchmark Nifty Ultra Short Duration Debt Index B-I is well aligned to the scheme's allocation pattern and PRC classification and therefore the above stated Benchmark is well suited for comparison of the performance of the Scheme.

**E. WHO MANAGES THE SCHEME?**

**Mr. Kaustubh Gupta, Ms. Sunaina da Cunha and Ms. Monika Gandhi** would be designated fund managers for the Scheme.

| Name               | Age      | Educational Qualifications | Experience  | Managing Scheme Since | Tenure   |
|--------------------|----------|----------------------------|---|-----------------------|----------|
| Mr. Kaustubh Gupta | 41 years | CA, B.Com.                 | He has over 19 years of experience. Prior to joining ABSLAMC, he has worked with ICICI Bank Limited where he was a Money Market Manager managing liquidity. | July 15, 2011         | 13 years |

**Names of other schemes under the management of Mr. Kaustubh Gupta:**

| Name of the scheme                                  | Fund responsibilities jointly with                          |
|---|---|
| Aditya Birla Sun Life Active Debt Multi Manager FoF | -   |
| Aditya Birla Sun Life Banking & PSU Debt Fund       | Mr. Harshil Suvarnkar                                       |
| Aditya Birla Sun Life Corporate Bond Fund           | Mr. Dhaval Joshi  |
| Aditya Birla Sun Life Floating Rate Fund            | Mr. Harshil Suvarnkar and Mr. Dhaval Joshi                  |
| Aditya Birla Sun Life Liquid Fund                   | Ms. Sunaina da Cunha, Mr. Sanjay Pawar and Mr. Dhaval Joshi |
| Aditya Birla Sun Life Low Duration Fund             | Mr. Mohit Sharma and Mr. Dhaval Joshi                       |
| Aditya Birla Sun Life Money Manager Fund            | Mr. Mohit Sharma, Mr. Anuj Jain and Mr. Dhaval Joshi        |
| Aditya Birla Sun Life Overnight Fund                | -   |
| Aditya Birla Sun Life Short Term Fund               | Mr. Mohit Sharma and Mr. Dhaval Joshi                       |

| Name                 | Age      | Educational Qualifications   | Experience   | Managing Scheme Since | Tenure   |
|----------------------|----------|------------------------------|--|-----------------------|----------|
| Ms. Sunaina da Cunha | 42 years | B.Com, MBA (FMS, Delhi), CFA | She has over 19 years of experience in credit evaluation and research. Prior to joining ABSLAMC, she worked with Aditya Birla Management Corporation Ltd | June 20, 2014         | 10 years |

|  |  |  |                              |  |  |
|--|--|--|------------------------------|--|--|
|  |  |  | as Group Management Trainee. |  |  |
|--|--|--|------------------------------|--|--|

**Names of other schemes under Ms. Sunaina da Cunha management:**

| Name of the scheme                                | Fund responsibilities jointly with                        |
|---|---|
| Aditya Birla Sun Life Credit Risk Fund            | Mr. Mohit Sharma and Mr. Dhaval Joshi                     |
| Aditya Birla Sun Life Liquid Fund                 | Mr. Kaustubh Gupta, Mr. Sanjay Pawar and Mr. Dhaval Joshi |
| Aditya Birla Sun Life Medium Term Plan            | Mr. Mohit Sharma and Mr. Dhaval Joshi                     |
| Aditya Birla Sun Life CRISIL Liquid Overnight ETF | Mr. Sanjay Pawar  |

| Name              | Age      | Educational Qualifications | Experience   | Managing Scheme Since | Tenure    |
|-------------------|----------|----------------------------|--|-----------------------|-----------|
| Ms. Monika Gandhi | 41 years | CA, CAIIB, B.Com (Hons)    | Ms. Monika Gandhi has over 19 year of experience of more than 16 years in Banking and Financial Services industry. She joined ABSLAMC in August 2017 as a Senior Credit Analyst - Fixed Income. She has been working closely with other Fund Managers and team members in the investment team. Prior to joining ABSLAMC, she was a Deputy General Manager in IDBI Bank for 13 years wherein she handled project appraisal, credit evaluation and credit monitoring for Large and Mid-Corporates. | March 22, 2021        | 3.3 years |

**Names of other schemes under her management: NIL**

**Dedicated Fund Manager for Overseas Investments**

Mr. Dhaval Joshi would be the designated Fund Manager for overseas investments of the Scheme

| Name             | Age      | Educational Qualifications  | Experience   | Managing Scheme Since | Tenure    |
|------------------|----------|-----------------------------|--|-----------------------|-----------|
| Mr. Dhaval Joshi | 39 years | MBA (Finance), M.Com, B.Com | He has experience of over 17 years in equity research and investments. Prior to joining Aditya Birla Sun Life AMC Limited, he was associated with Sundaram Mutual Fund (India) Ltd. for around 5 years. He has also worked as a research analyst with Emkay Global Financial Services and Asit C Mehta Investment Intermediates Ltd. | November 21, 2022     | 1.6 years |

**Names of other schemes under his management:**

| <b>Name of the scheme</b>                                   | <b>Fund responsibilities jointly with</b>                           |
|---|---|
| Aditya Birla Sun Life Asset Allocator FoF                   | Mr. Vinod Bhat  |
| Aditya Birla Sun Life Bal Bhavishya Yojna                   | Mr. Atul Penkar and Mr. Harshil Suvarnkar                           |
| Aditya Birla Sun Life Banking and Financial Services Fund   | Mr. Dhaval Gala   |
| Aditya Birla Sun Life Business Cycle Fund                   | Mr. Harish Krishnan, Mr. Dhaval Gala                                |
| Aditya Birla Sun Life Corporate Bond Fund                   | Mr. Kaustubh Gupta  |
| Aditya Birla Sun Life Credit Risk Fund                      | Ms. Sunaina Da Cunha and Mr. Mohit Sharma                           |
| Aditya Birla Sun Life Digital India Fund                    | Mr. Kunal Sangoi  |
| Aditya Birla Sun Life Dividend Yield Fund                   | Mr. Dhaval Gala   |
| Aditya Birla Sun Life Dynamic Bond Fund                     | Mr. Mohit Sharma, Mr. Bhupesh Bameta                                |
| Aditya Birla Sun Life Equity Advantage Fund                 | Mr. Atul Penkar   |
| Aditya Birla Sun Life Equity Hybrid '95 Fund                | Mr. Mahesh Patil, Mr. Chanchal Khandelwal and Mr. Harshil Suvarnkar |
| Aditya Birla Sun Life ESG Integration Strategy Fund         | Mr. Dhaval Gala   |
| Aditya Birla Sun Life Financial Planning FoF                | Mr. Vinod Bhat  |
| Aditya Birla Sun Life Flexi Cap Fund                        | Mr. Harish Krishnan   |
| Aditya Birla Sun Life Floating Rate Fund                    | Mr. Kaustubh Gupta and Mr. Harshil Suvarnkar                        |
| Aditya Birla Sun Life Focused Fund                          | Mr. Kunal Sangoi  |
| Aditya Birla Sun Life Frontline Equity Fund                 | Mr. Mahesh Patil  |
| Aditya Birla Sun Life Global Emerging Opportunities Fund    | -   |
| Aditya Birla Sun Life Global Excellence Equity Fund of Fund | -   |
| Aditya Birla Sun Life Government Securities Fund            | Mr. Bhupesh Bameta  |
| Aditya Birla Sun Life Income Fund                           | Mr. Bhupesh Bameta  |
| Aditya Birla Sun Life India GenNext Fund                    | Mr. Chanchal Khandelwal   |
| Aditya Birla Sun Life Infrastructure Fund                   | Mr. Mahesh Patil, Mr. Jonas Bhutta                                  |
| Aditya Birla Sun Life International Equity Fund             | -   |
| Aditya Birla Sun Life Liquid Fund                           | Mr. Kaustubh Gupta, Ms. Sunaina da Cunha and Mr. Sanjay Pawar       |
| Aditya Birla Sun Life Low Duration Fund                     | Mr. Kaustubh Gupta and Mr. Mohit Sharma                             |

**Aditya Birla Sun Life Savings Fund**

|   |   |
|---|---|
| Aditya Birla Sun Life Medium Term Plan                  | Ms. Sunaina Da Cunha and Mr. Mohit Sharma                   |
| Aditya Birla Sun Life Midcap Fund                       | Mr. Harish Krishnan   |
| Aditya Birla Sun Life MNC Fund                          | Mr. Chanchal Khandelwal                                     |
| Aditya Birla Sun Life Money Manager Fund                | Mr. Mohit Sharma, Mr. Kaustubh Gupta and Mr. Anuj Jain      |
| Aditya Birla Sun Life Multi-Cap Fund                    | Mr. Dhaval Shah and Mr. Harshil Suvarnkar                   |
| Aditya Birla Sun Life NASDAQ 100 FOF                    | Mr. Dhaval Joshi  |
| Aditya Birla Sun Life Pharma & Healthcare Fund          | Mr. Dhaval Shah and Mr. Dhaval Joshi                        |
| Aditya Birla Sun Life PSU Equity Fund                   | Mr. Dhaval Gala   |
| Aditya Birla Sun Life Pure Value Fund                   | Mr. Kunal Sangoi  |
| Aditya Birla Sun Life Regular Savings Fund              | Mr. Dhaval Shah and Mr. Harshil Suvarnkar                   |
| Aditya Birla Sun Life Retirement Fund                   | Mr. Dhaval Shah, Mr. Harshil Suvarnkar                      |
| Aditya Birla Sun Life Long Duration Fund                | Mr. Harshil Suvarnkar and Mr. Bhupesh Bameta                |
| Aditya Birla Sun Life Short Term Fund                   | Mr. Kaustubh Gupta and Mr. Mohit Sharma                     |
| Aditya Birla Sun Life Small Cap Fund                    | Mr. Vishal Gajwani  |
| Aditya Birla Sun Life Special Opportunities Fund        | Mr. Chanchal Khandelwal                                     |
| Aditya Birla Sun Life ELSS Tax Saver Fund               | Mr. Atul Penkar, Mr. Dhaval Gala                            |
| Aditya Birla Sun Life Multi - Index Fund of Funds       | Mr. Vinod Bhat  |
| Aditya Birla Sun Life Multi Asset Allocation Fund       | Mr. Dhaval Shah, Mr. Bhupesh Bameta and Mr. Sachin Wankhede |
| Aditya Birla Sun Life Transportation and Logistics Fund | Mr. Dhaval Gala   |
| Aditya Birla Sun Life Quant Fund                        | Mr. Harish Krishnan   |

**F. HOW IS THE SCHEME DIFFERENT FROM EXISTING SCHEMES OF THE MUTUAL FUND?**

Following are the Debt Schemes of Aditya Birla Sun Life Mutual Fund as on May 31, 2024:

**Name of the Schemes:**

- Aditya Birla Sun Life Banking & PSU Debt Fund
- Aditya Birla Sun Life Corporate Bond Fund
- Aditya Birla Sun Life Credit Risk Fund
- Aditya Birla Sun Life Dynamic Bond Fund
- Aditya Birla Sun Life Floating Rate Fund
- Aditya Birla Sun Life Government Securities Fund
- Aditya Birla Sun Life Income Fund
- Aditya Birla Sun Life Liquid Fund



- Aditya Birla Sun Life Low Duration Fund
- Aditya Birla Sun Life Medium Term Plan
- Aditya Birla Sun Life Money Manager Fund
- Aditya Birla Sun Life Overnight Fund
- Aditya Birla Sun Life Long Duration Fund
- Aditya Birla Sun Life Short Term Fund

For detailed comparative table, kindly refer <https://mutualfund.adityabirlacapital.com/forms-and-downloads/disclosures>

## G. HOW HAS THE SCHEME PERFORMED?

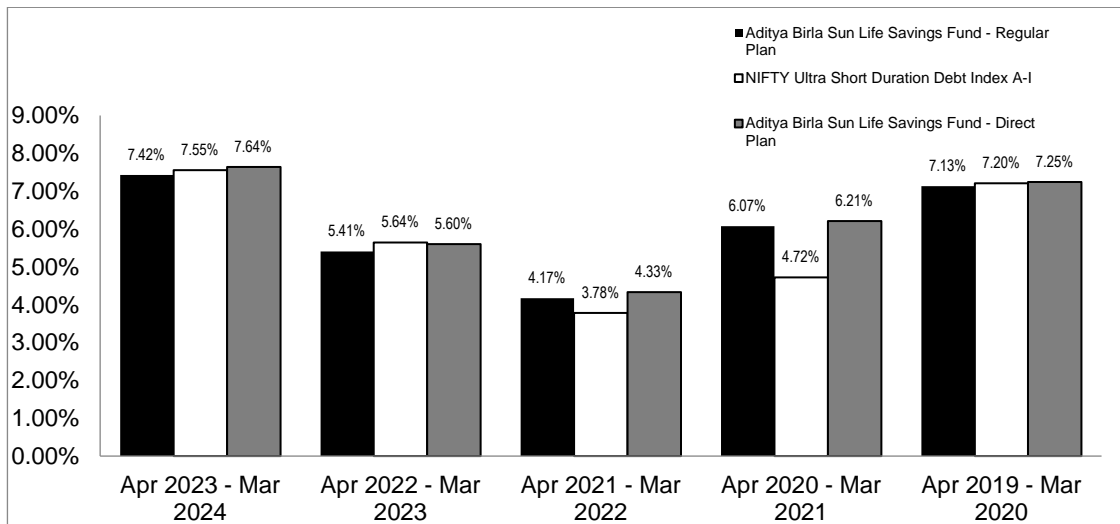
### PERFORMANCE OF THE SCHEMES AS AT May 31, 2024:

| Returns   | Last 1 Year | Last 3 years | Last 5 Years | Since Inception |
|---|-------------|--------------|--------------|-----------------|
| ABSL Savings Fund -Regular Plan<br><i>Inception – November 27, 2001</i> | 7.43        | 5.84         | 6.16         | 7.40            |
| NIFTY Ultra Short Duration Debt Index A-I                               | 7.54        | 5.89         | 5.76         | 7.39            |
| ABSL Savings Fund -Direct Plan<br><i>Inception – January 01, 2013</i>   | 7.65        | 6.03         | 6.33         | 7.73            |
| NIFTY Ultra Short Duration Debt Index A-I                               | 7.54        | 5.89         | 5.76         | 7.23            |

**Note:** Past performance may or may not be sustained in future

Where benchmark returns are not available, they have not been shown.

## II. ABSOLUTE RETURNS FOR EACH FINANCIAL YEAR (FY APR-MAR)



**Note:** Past performance may or may not be sustained in future. Returns are in % and absolute returns for period less than 1 year & CAGR for period 1 year or more. Load and taxes not considered.

## H. ADDITIONAL SCHEME RELATED DISCLOSURES

- Scheme's portfolio holdings** i.e. Top 10 holdings by issuer and fund allocation towards various sectors. Kindly refer for details <https://mutualfund.adityabirlacapital.com/forms-and-downloads/disclosures>

**ii. Portfolio Disclosure - Fortnightly / Monthly/ Half Yearly**

Kindly refer for details <https://mutualfund.adityabirlacapital.com/forms-and-downloads/portfolio>

**iii. Portfolio Turnover Rate – 1.80**

**iv. Aggregate investment in the Scheme by Concerned scheme’s Fund Manager(s) as at May 31, 2024:**

| Sr. No. | Scheme’s Fund Manager | Plans/Options        | Net Value  |              | Market Value ( in Rs.) |
|---------|-----------------------|----------------------|------------|--------------|------------------------|
|         |                       |                      | Units      | NAV per unit |                        |
| 1.      | Mr. Kaustubh Gupta    | Direct Plan - Growth | 1,55,1.390 | 512.781      | 7,95,523.32            |
| 2.      | Ms. Sunaina da Cunha  | Direct Plan - Growth | 1,143.627  | 512.781      | 5,86,430.20            |
| 3.      | Mr. Monika Gandhi     | Direct Plan - Growth | 4,397.559  | 512.781      | 22,54,984.70           |
| 4.      | Mr. Dhaval Joshi      | Direct Plan - Growth | 138.963    | 512.781      | 71,257.59              |

For any other disclosure w.r.t investments by key personnel and AMC directors including regulatory provisions in this regard, kindly refer SAI.

**v. Investments of AMC in the Scheme:**

Pursuant to Regulation 25(16A) of the SEBI (MF) Regulations, 1996 and para 6.9 of SEBI Master Circular on Mutual Funds dated May 19, 2023, AMC will invest minimum amount as a percentage of AUM based on the risk associated with the Scheme and such investment will not be redeemed unless the Scheme is wound up.

The AMC will conduct quarterly review to ensure compliance with above requirement which may change either due to change in value of the AUM or in the risk value assigned to the scheme. The shortfall in value of the investment, if any, will be made good within 7 days of such review.

In addition to investments as mandated under Regulation 25(16A) of the Regulations as mentioned above, the AMC, may invest in the scheme during the continuous offer period subject to the SEBI (MF). As per the existing SEBI (MF) Regulations, the AMC will not charge investment management and advisory fee on the investment made by it in the scheme. The Sponsor, Trustee and their associates may invest in the scheme on an ongoing basis subject to SEBI (MF) Regulations & circulars issued by SEBI and to the extent permitted by its Board of Directors from time to time.

Link to view the investment (if any): <https://mutualfund.adityabirlacapital.com/forms-and-downloads/disclosures>

Pursuant to Regulation 43A of SEBI (Mutual Funds) Regulations, 1996 and SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund, AMC shall make a one-time contribution equivalent to 2 bps of the AUM of the specified debt oriented schemes as on December 31, 2022 in the units of the Corporate Debt Market Development Fund (‘CDMDF’) within 10 working days of request from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF. In case of delay in contribution by the Scheme and AMC, the AMC shall be liable to pay interest at fifteen percent (15%) per annum for the period of delay.

### Part III- OTHER DETAILS

#### A. COMPUTATION OF NAV

The Net Asset Value (NAV) per Unit of the scheme will be computed by dividing the net assets of the scheme by the number of Units outstanding under the scheme on the valuation date. The Mutual Fund will value its investments according to the valuation norms, as specified in Schedule VIII of the SEBI Regulations, or such norms as may be specified by SEBI from time to time.

NAV of Units under the scheme shall be calculated as shown below:

$$\begin{aligned} & \text{Market or Fair Value of the scheme's Investments} \\ & + \text{Current Assets (including accrued income)} \\ & - \text{Current Liabilities and Provisions (including accrued expenses)} \end{aligned}$$

$$\text{NAV (Rs.) per Unit} = \frac{\text{Market or Fair Value of the scheme's Investments} + \text{Current Assets (including accrued income)} - \text{Current Liabilities and Provisions (including accrued expenses)}}{\text{No. of Units outstanding under the scheme}}$$

The AMC will calculate and disclose the NAV of the scheme on every business day. The NAVs of the Scheme will be calculated upto four decimals and units allotted upto three decimals. NAVs of the growth option and IDCW option will be different after the declaration of the first IDCW.

Computation of NAV in case of investment in foreign securities: On the valuation day, all the assets and liabilities denominated in foreign currency will be valued in Indian Rupees. The valuation price of the security will be converted to INR based on a reference rate provided by the designated agency at the close of banking hours in India. If required, the AMC may change the source of determining the exchange rate. The Fund shall value its investments according to the valuation norms as specified in the Eighth Schedule of the Regulations, or such guidelines / recommendations as may be specified by SEBI from time to time. The broad valuation norms are detailed in the Statement of Additional Information.

Illustration of computation of NAV:

If the net assets of the Scheme are Rs.10,55,34,567.12 and units outstanding are 100,00,000, then the NAV per unit will be computed as follows:

$$10,55,34,567.12 / 100,00,000 = \text{Rs. } 10.5534 \text{ p.u. (rounded off to four decimals)}$$

In accordance with SEBI (MF) Regulations, while determining the price of the units, the mutual fund shall ensure that the repurchase price of the scheme is not lower than 95 per cent of the Net Asset Value.

Note: Where as a result of a Redemption/ Switch arising out of excess holding by an investor beyond 25% of the net assets of the schemes in the manner envisaged under para 6.11 of SEBI Master Circular on Mutual Funds dated May 19, 2023, such Redemption / Switch will not be subject to Exit load.

For other details such as policies w.r.t computation of NAV, rounding off, investment in foreign securities, procedure in case of delay in disclosure of NAV etc. refer to SAI.

#### B. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc. All the NFO expenses of the Scheme shall be borne by the AMC.

The entire amount subscribed by the investor subject to deduction of transaction charges, if any, in the scheme during the New Fund Offer will be available to the scheme for investments.

### C. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table related to maximum permissible expense below.

Within the limits specified under the SEBI (MF) Regulations, the AMC has estimated that the following will be charged to the scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the Mutual Fund. Further, any change in the expense ratio will be updated on our website and the same will be communicated to investor via SMS / e-mail 3 working days prior to the effective date of change.

As per Regulation 52(6)(c) of SEBI (MF) Regulations, the total expenses of the scheme, including Investment Management and Advisory Fees, shall be subject to following limits as specified below

| Assets under management Slab<br>(In Rs. crore)        | Total expense ratio limits   |
|---|--|
| on the first Rs. 500 crores of the daily net assets   | 2.00%  |
| on the next Rs. 250 crores of the daily net assets    | 1.75%  |
| on the next Rs. 1,250 crores of the daily net assets  | 1.50%  |
| on the next Rs. 3,000 crores of the daily net assets  | 1.35%  |
| on the next Rs. 5,000 crores of the daily net assets  | 1.25%  |
| On the next Rs. 40,000 crores of the daily net assets | Total expense ratio reduction of 0.05% for every increase of Rs. 5,000 crores of daily net assets or part thereof. |
| On balance of the assets                              | 0.80%  |

In addition to total expense permissible within limits of Regulation 52 (6)(c) of SEBI (MF) Regulations as above, the AMC may charge the following to the scheme in terms of Regulation 52(6A) of SEBI (MF) Regulations:

- (a) Additional expenses not exceeding of 0.30% of daily net assets may be charged to the Scheme, if the new inflows from retail investors<sup>^</sup> from beyond top 30 cities\* are at least (i) 30% of gross new inflows in the scheme or (ii) 15% of the average assets under management (year to date) of the scheme, whichever is higher.

<sup>^</sup>As per para 10.1 of SEBI Master Circular on Mutual Funds dated May 19, 2023, inflows of amount upto Rs. 2,00,000/- per transaction, by individual investors shall be considered as inflows from "retail investor".

\*Beyond Top 30 (B30) cities shall mean beyond top 30 cities based on Association of Mutual Funds in India (AMFI) data on 'AUM by Geography - Consolidated Data for Mutual Fund Industry' as at the end of the previous financial year.

In case inflows from beyond such cities is less than the higher of (i) or (ii) mentioned above, such additional expense on daily net assets of the scheme shall be charged on proportionate basis in accordance with para 10.1.3 of SEBI Master Circular on Mutual Funds dated May 19, 2023.

*Inflows from corporates and institutions from B-30 cities will not be considered for computing the inflows from B-30 cities for the purpose of additional TER of 30 basis points.*

The expense so charged shall be utilised for distribution expenses incurred for bringing inflows from such cities. However, the 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.

Note: SEBI vide its letter no. SEBI/HO/IMD-SEC-3/P/OW/2023/5823/1 dated February 24, 2023 and AMFI letter dated No. 35P/ MEM-COR/ 85-a/ 2022-23 dated March 02, 2023 has directed AMC's to keep B-30 incentive structure in abeyance with effect from March 01, 2023 till further notice.

- (b) Brokerage and transaction cost incurred for the purpose of execution of trade shall be charged to the schemes as provided under Regulation 52 (6A) (a) upto 12 bps and 5 bps for cash market transactions and derivatives transactions respectively. In terms of para 10.1.14 of SEBI Master Circular on Mutual Funds dated May 19, 2023, any payment towards brokerage and transaction costs (including GST, if any) incurred for the execution of trades, over and above the said 0.12 per cent and 0.05 per cent 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 (MF) Regulations.

Additional expenses incurred towards different heads mentioned under Regulations 52(2) and 52(4) of SEBI (MF) Regulations, not exceeding 0.05 per cent of daily net assets of the scheme.

The AMC has estimated the following recurring expenses, as detailed in table related to maximum permissible expense below. The expenses are estimated have been made in good faith as per the information available to the AMC based on past experience and are subject to change inter se.

**The purpose of the below table is to assist the investor in understanding the various costs and expenses that an investor in the scheme will bear directly or indirectly.**

| <b>Maximum estimated permissible expense as a % per annum of daily net assets</b>                                    |                              |
|--|------------------------------|
| <b>A. Expense Head / Nature of expense</b>   | <b>% of daily net assets</b> |
| Investment Management & Advisory Fee   | Upto 2.00%                   |
| Audit fees/fees and expenses of trustees   |                              |
| Custodial Fees   |                              |
| Registrar & Transfer Agent Fees including cost of providing account statements / IDCW / redemption cheques/ warrants |                              |
| Marketing & Selling Expenses including Agents Commission and statutory advertisement                                 |                              |
| Costs related to investor communications   |                              |
| Costs of fund transfer from location to location   |                              |
| Cost towards investor education & awareness  |                              |
| Brokerage & transaction cost pertaining to distribution of units   |                              |
| Goods & Services Tax on expenses other than investment and advisory fees   |                              |
| Goods & Services Tax on brokerage and transaction cost <sup>^</sup>  |                              |
| Other Expenses (to be specified as per Reg 52 of SEBI MF Regulations)  |                              |
| <b>Maximum Total expenses ratio (TER) permissible under Regulation 52 (6) (c)</b>                                    |                              |
| Additional expenses under Regulations 52(6A)(c)  | Upto 0.05%                   |
| Additional expenses for gross new inflows from specified cities#   | Upto 0.30%                   |

*The above estimates for recurring expense are for indicative purposes only and have been made in good faith as per the information available to the AMC based on past experience.*

*\*\*such expenses shall not be charged to the scheme where the exit load is not levied or applicable.  
 ^ over and above 12 bps and 5 bps for cash market transactions and derivatives transactions respectively.  
 # These expenses are in abeyance with effect from March 1, 2023 till further notice.*

**Note:**

- (a) The TER of the Direct Plan will be lower to the extent of the abovementioned distribution expenses/ commission which is charged in the Regular Plan
- (b) In terms of para 10.1.16 of SEBI Master Circular on Mutual Funds dated May 19, 2023, the AMC / Mutual Fund shall annually set apart at least 2 basis points (i.e. 0.02%) on daily net assets of the scheme within the maximum limit of Total Expense Ratio as per Regulation 52 of the SEBI (MF) Regulations for investor education and awareness initiatives.
- (c) In terms of para 10.3 of SEBI Master Circular on Mutual Funds dated May 19, 2023, AMC may charge GST on following Fees and expenses as below:
  - a. **Investment Management and Advisory Fees:** AMC may charge GST on investment management and advisory fees to the scheme in addition to the maximum limit of Total Expense Ratio as prescribed under Regulation 52 of the SEBI (MF) Regulations.
  - b. **Other than Investment Management and Advisory Fees:** AMC may charge GST on expenses other than investment management and advisory fees to the scheme within the maximum limit of Total Expense Ratio as prescribed under Regulation 52 of the SEBI (MF) Regulations. Further, GST on Brokerage and transaction cost incurred for execution of trades, will be within the maximum limit of Total Expense Ratio as prescribed under Regulation 52 of the SEBI (MF) Regulations
- (d) **Maximum Permissible expense:** The maximum total expense ratio (TER) that can be charged to the scheme will be subject to such limits as prescribed under the SEBI (MF) Regulations. The said maximum TER shall either be apportioned under various expense heads as enumerated above, without any sub limit or allocated to any of the said expense head(s) at the discretion of AMC. Also, the types of expenses charged shall be as per the SEBI (MF) Regulations.

Investors should note that, all scheme related expenses including commission paid to distributors will necessarily be paid from the Scheme only within the regulatory limits and not from the books of the ABSLAMC, its associate, sponsor, trustee or any other entity through any route.

The total recurring expenses of the Scheme excluding issue or redemption expenses, whether initially borne by the Mutual Fund or by the AMC, but including the investment management and advisory fee, shall not exceed the limits as prescribed under Regulation 52 of the SEBI (MF) Regulations.

**Illustration of impact of expense ratio on schemes returns:**

Expense ratio, normally expressed as a percentage of Average Assets under Management, is calculated by dividing the permissible expenses under the Regulations by the average net assets.

To further illustrate the above, for the Scheme under reference, suppose an Investor invested Rs. 10,000/- the impact of expenses charged will be as under:

| Particulars   | Regular Plan (Rs.) | Direct Plan (Rs.) |
|---|--------------------|-------------------|
| Amount invested at the beginning of the year (A)                                      | 10,000             | 10,000            |
| Value of above investment at the end of the year (before all applicable expenses) (B) | 11,500             | 11,500            |
| Returns before expenses (C)   | 1,500              | 1,500             |
| Expenses other than Distribution expenses(D)  | 150                | 150               |
| Distribution expenses(E)  | 50                 | -                 |

|   |        |        |
|---|--------|--------|
| Value of above investment at the end of the year (post all applicable expenses) (F) | 11,300 | 11,350 |
| Returns after expenses at the end of the year (G)                                   | 1300   | 1350   |
| Returns (%) (post all applicable expenses) (H) (H=F-A/A)                            | 13%    | 13.5%  |
| Returns (%) (without considering any expenses) (I) [I= (B-A)/A]                     | 15%    | 15%    |

**Note(s):**

- The purpose of the above illustration is to purely explain the impact of expense ratio charged to the Scheme and should not be construed as providing any kind of investment advice or guarantee of returns on investments.
- It is assumed that the expenses charged are evenly distributed throughout the year.
- The expenses of the Direct Option under the Scheme will be lower to the extent of the above-mentioned distribution expenses/ commission. The NAVs of Direct Plan and Regular Plan will be different.
- Calculations are based on assumed NAVs, and actual returns on your investment may be more, or less.
- Any tax impact has not been considered in the above example, in view of the individual nature of the tax implications. Each investor is advised to consult his or her own financial advisor.

**D. LOAD STRUCTURE**

Exit Load is an amount which is paid by the investor to redeem the units from the scheme. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC ([www.mutualfund.adityabirlacapital.com](http://www.mutualfund.adityabirlacapital.com)) or may call at 1-800-22-7000/1-800-270-7000 or your distributor.

| Type of Load | Load Chargeable (as %age of NAV) |
|--------------|----------------------------------|
| Exit Load    | Nil.                             |

- No Exit Loads will be chargeable in case of switches made from Growth option to IDCW option or vice-versa within the respective Plans offered under the Scheme
- No entry or exit load shall be charged in respect of units issued to unitholders on Reinvestments of IDCW and units issued to unitholders as Bonus units.
- No exit load will be charged in case of switch of investments from Regular Plan to Direct Plan and vice versa.
- The above Load shall be applicable in case SIP/STP/SWP transactions.
- Pursuant to para 10.3 of SEBI Master Circular on Mutual Funds dated May 19, 2023, exit load charged, if any, by the AMC/Mutual Fund to the unitholders shall be credited to the Scheme immediately, net of GST, if any.

**The investor is requested to check the prevailing load structure of the scheme before investing.**

AMC reserves the right to change / modify the Load structure under the schemes if it so deems fit in the interest of smooth and efficient functioning of the Mutual Fund. AMC reserves the right to introduce / modify the Load depending upon the circumstances prevailing at that time subject to maximum limits as prescribed under the SEBI (MF) Regulations.

Any imposition or enhancement of Load in future as may be permitted under SEBI (MF) Regulations shall be applicable on prospective investments only and will be calculated on First in First Out (FIFO) basis. However, AMC shall not charge any load on issue of bonus units and units allotted on reinvestment of

IDCW for existing as well as prospective investors. At the time of changing the Load Structure following measures would be undertaken to avoid complaints from investors about investment in the schemes without knowing the loads:

- I. The addendum detailing the changes would be attached to Scheme Information Document and Key Information Document. The addendum will be circulated to all the distributors / brokers so that the same can be attached to all Scheme Information Documents and Key Information Documents already in stock.
- II. Arrangements will be made to display the addendum in the Scheme Information Document in the form of a notice in all the Investor Service Centres and distributors / brokers office.
- III. The introduction of the Exit Load alongwith the details would be stamped in the acknowledgement slip issued to the investors on submission of the application form and would also be disclosed in the statement of accounts issued after the introduction of such load.
- IV. Any other measure which the AMC/Mutual Fund may feel necessary.

For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centres

**For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centres.**

#### **Unitholder Transaction Expenses and Load**

Note: Where as a result of a Redemption/ Switch arising out of excess holding by an investor beyond 25% of the net assets of the schemes in the manner envisaged under para 6.11 of SEBI Master Circular on Mutual Funds dated May 19, 2023, such Redemption / Switch will not be subject to Exit load.

#### **E. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

The Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme. In case the Scheme does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days' notice to redeem his exposure over the 25% limit. Failure on the part of the said investor to redeem his exposure over the 25% limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15<sup>th</sup> day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.



## Section II

### I. INTRODUCTION

#### A. DEFINITIONS/INTERPRETATION

In this Scheme Information Document, the words and expressions shall have the meaning specified in the following link, unless the context otherwise requires.

<https://mutualfund.adityabirlacapital.com/forms-and-downloads/disclosures>

#### Interpretation

For all purposes of this Scheme Information Document, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Scheme Information Document include the plural as well as the singular. Pronouns having a masculine or feminine gender shall be deemed to include the other. Words and expressions used herein but not defined herein shall have the meanings respectively assigned to them therein under the SEBI Act or the SEBI (MF) Regulations.

#### B. RISK FACTORS

#### SCHEME SPECIFIC RISK FACTORS

#### RISK FACTORS ASSOCIATED WITH INVESTMENTS IN FIXED INCOME SECURITIES:

- **Price-Risk or Interest-Rate Risk:** Fixed income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.
- **Credit Risk:** In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the Scheme has invested in Government securities, there is no credit risk to that extent.
- **Liquidity or Marketability Risk:** This refers to the ease with which a security can be sold at or near to its valuation Yield-to-Maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today's characteristic of the Indian fixed income market.
- **Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- Different types of securities in which the scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds, which are AA rated, are comparatively more risky than bonds, which are AAA rated.
- Investment in unrated securities may be riskier compared to investment in rated instruments due to non-availability of third party assessment on the repayment capability of the issuer. As the securities are unrated, an independent opinion of the rating agency on the repayment capability of the issuer will not be available. However, the Mutual Fund will carry out internal assessment & evaluate creditworthiness for all unrated instruments in which the Fund Manger plans to make investments. In addition to this, any investment in unrated securities will be carried out in accordance with SEBI (MF) Regulations, as amended from time to time.
- **Pre-payment Risk:** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may

force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund.

- **Concentration Risk:** The Scheme portfolio may have higher exposure to a single sector, subject to maximum of 25% of net assets as specified in this SID, depending upon availability of issuances in the market at the time of investment, resulting in higher concentration risk. Any change in government policy / business environment relevant to the sector may have an adverse impact on the portfolio.
- The above are some of the common risks associated with investments in fixed income and money market securities. There can be no assurance that a Scheme's investment objectives will be achieved, or that there will be no loss of capital. Investment results may vary substantially on a monthly, quarterly or annual basis.

#### RISK FACTORS ASSOCIATED WITH INVESTMENTS IN FOREIGN SECURITIES:

- Investments in International (overseas) securities including Exchange Traded Funds involves increased risk and volatility, not typically associated with domestic investing, due to changes in currency exchange rates, foreign government regulations, differences in auditing and accounting standards, potential political and economic instability, limited liquidity, and volatile prices. Further, risks associated with introduction of extraordinary exchange control, economic deterioration, and changes in bi-lateral relationships.
- To the extent the assets of the scheme are invested in overseas financial assets, there may be risks associated with currency movements, restrictions on repatriation and transaction procedures in overseas market. Further, the repatriation of capital to India may also be hampered by changes in regulations or political circumstances as well as the application to it of other restrictions on investment. In addition, country risks would include events such as introduction of extraordinary exchange controls, economic deterioration, bi-lateral conflict leading to immobilisation of the overseas financial assets and the prevalent tax laws of the respective jurisdiction for execution of trades or otherwise.
- **Currency Risk:** The schemes may invest in securities denominated in a broad range of currencies and may maintain cash in such currencies. As a consequence, fluctuations in the value of such currencies against the currency denomination of the relevant scheme will have a corresponding impact on the value of the portfolio. Furthermore, investors should be aware that movements in the rate of exchange between the currency of denomination of a fund and their home currency will affect the value of their shareholding when measured in their home currency.
- **Country Risk:** The Country risk arises from the inability of a country, to meet its financial obligations. It is the risk encompassing economic, social and political conditions in a foreign country, which might adversely affect foreign investors' financial interests.
- The Scheme may also invest in Foreign Securities as permitted by Reserve Bank of India and Securities and Exchange Board of India. To the extent that some part of the assets of the Schemes may be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by the changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital also may be hampered by changes in regulations concerning exchange controls or political circumstances as well as all other restrictions on investments as applicable.

#### RISK FACTORS ASSOCIATED WITH INVESTMENTS IN DERIVATIVES:

- As and when any Scheme trades in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that loss may be sustained by the portfolio as a result of the failure of another party (usually referred as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could

have a large impact on their value. Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. 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 involve 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 trades involve execution risks, whereby the rates seen on the screen may not be the rate at which ultimate execution takes place.
- The options buyer's risk is limited to the premium paid, while the risk of an options writer is unlimited. However, the gains of an options writer are limited to the premiums earned.
- The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.
- 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.
- 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 potential high volatility of the futures markets.
- The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

#### **RISKS FACTORS ASSOCIATED WITH INVESTMENTS IN SECURITISED DEBT:**

Domestic securitised debt assets would be in the nature of Mortgage backed securities (MBS) and Asset backed securities (ABS) with underlying pool of assets and receivables like Housing Loans, Auto loans and corporate loans. The Securitised debt assets and the underlying asset classes like housing loans, Auto Loans and Corporate loans have the following risk factors.

- **Limited Recourse and Credit Risk:** Certificates issued on investment in securitised 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 (i.e. the Scheme) 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 securitised 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.

#### **Risks associated with Mortgage Backed Securities (MBS) - Housing Loans**

- **Prepayment Risk:** The fund may receive payment of monthly payouts earlier than scheduled. Prepayments shorten the life of the instrument to an extent that cannot be fully predicted. The rate of prepayments may be influenced by a variety of economic, social and other factors.
- **Credit Risk:** Delinquencies may happen which would reduce the principal amount. Typically MBS structures come with credit enhancement in variety of forms. If delinquencies are higher than the amount available in the credit enhancement facility than the monthly payouts to the fund would reduce. Historically, it has been observed that housing loans have lower default rates as compared to other forms of credit.

- **Liquidity Risk:** Historically the secondary market volume of securitised papers has been limited. This could limit the ability of the fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.
- **Conversion risk:** Conversion of loans from fixed rate to floating rate loans and vice versa could lead to a change in the expected cash flows from the loans.

#### **Risks associated with Asset Backed Securities (ABS)-Auto Loans.**

- **Prepayment Risk:** The fund may receive payment of monthly payouts earlier than scheduled. Prepayments shorten the life of the instrument to an extent that cannot be fully predicted. The rate of prepayments may be influenced by a variety of economic, social and other factors. Prepayments in auto loans is lower than housing loans as the shorter tenor of auto loans makes it economically unattractive to prepay after considering the prepayment charges.
- **Credit Risk:** Delinquencies may happen which would reduce the principal amount. Typically ABS structures come with credit enhancement in variety of forms. If delinquencies are higher than the amount available in the credit enhancement facility than the monthly payouts to the fund would reduce. Typically auto loans carry higher risk than MBS as the value retention of the underlying asset is higher in MBS as compared to the underlying asset of ABS.
- **Liquidity Risk:** Historically the secondary market volume of securitised papers has been limited. This could limit the ability of the fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.
- **Conversion risk:** Conversion of loans from fixed rate to floating rate loans and vice versa could lead to a change in the expected cash flows from the loans.

#### **Risks associated with Asset Backed Securities (ABS) - Corporate Loans**

- **Credit Risk:** The fund has an exposure to the Borrower/Borrowers and servicing of the instrument depends on the credit risk of the Borrower. The value of the instrument would fluctuate depending upon the changes in the perceived level of credit risk as well as any actual default.
- **Prepayment Risk:** The Borrower may prepay the receivables prior to their respective due dates. This may result in a change in the yield and tenor for the fund.
- **Limited Liquidity and Price Risk:** Historically the secondary market volume of securitised papers has been limited. This could limit the ability of the fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.

#### **RISKS FACTORS ASSOCIATED WITH INVESTMENTS IN REPO TRANSACTIONS IN CORPORATE DEBT SECURITIES:**

In repo transactions, also known as a repo or sale repurchase agreement, securities are sold with the seller agreeing to buy them back at later date. The repurchase price should be greater than the original sale price, the difference effectively representing interest. A repo is economically similar to a secured loan, with the buyer receiving corporate debt securities as collateral to protect against default. The Scheme may invest in repo of corporate debt securities which are subject to the following risks:

- **Counterparty Risk:** This refers to the inability of the seller to meet the obligation to buy back securities at the contracted price on the contracted date. The Investment Manager will endeavour to manage counterparty risk by dealing only with counterparties, having strong credit profiles, approved by our credit risk analysis team. The exposure to each counterparty will be within the overall approved credit limits. Also the counterparty risk is to an extent mitigated by taking collateral equivalent in value to the transaction after knocking off a minimum haircut on the intrinsic value of the collateral. In the event of default by the repo counterparty, the scheme shall have recourse to the corporate debt securities.
- **Collateral Risk:** Collateral risk arises when the market value of the securities is inadequate to meet the repo obligations. This risk is mitigated by restricting participation in repo transactions only in AA or equivalent and above rated money market and corporate debt securities. Any rating

downgrade will tantamount to either an early termination of the repo agreement or a call for fresh margin to meet the minimum haircut requirement. In addition, the Investment manager may apply a higher haircut on the underlying security than mentioned above to adjust for the illiquidity and interest rate risk on the underlying instrument. The adequacy of the collateral will be monitored on a daily basis by considering the daily market value & applying the prescribed haircut. The fund manager shall then arrange for additional collateral from the counterparty, within a period of 1 business day. If the counterparty is not able to top-up either in form of cash / collateral, it shall tantamount to early termination of the repo agreement.

#### **RISKS FACTORS ASSOCIATED WITH CREATION OF SEGREGATED PORTFOLIO:**

Different types of securities in which the scheme would invest carry different levels and types of risk as given in the Scheme Information Document of the scheme. In addition to the same, unitholders are requested to also note the following risks with respect to Segregated Portfolio:

**Liquidity Risk:** A lower level of liquidity affecting an individual security (ies) or an entire market may have an adverse bearing on the value of the Segregated Scheme's assets. This may more importantly affect the ability to sell particular securities with minimal impact cost as and when necessary to meet requirement of liquidity or to sell securities in response to triggers such as a specific economic/corporate event. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of a few of the investments. This may impact the NAV of the segregated portfolio and could result into potential loss to the Unit holders.

**Credit risk:** The scheme's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds, which are AA rated, are comparatively more risky than bonds, which are AAA rated. Investment in unrated securities may be riskier compared to investment in rated instruments due to non-availability of third party assessment on the repayment capability of the issuer. As the securities are unrated, an independent opinion of the rating agency on the repayment capability of the issuer will not be available. The issuer of a debenture/ bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. This may impact the NAV of the segregated portfolio and resultant loss to the Unit holders.

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

#### **BACKSTOP FACILITY IN FORM OF INVESTMENT IN CORPORATE DEBT MARKET DEVELOPMENT FUND (CDMDF):**

CDMDF is set up as a scheme of the Trust registered as an Alternative Investment Fund ('AIF') in accordance with the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"). The objective of the CDMDF is to help to develop the corporate debt market by providing backstop facility to instill confidence amongst the market participants in the corporate debt/bond market during times of market dislocation and to enhance the secondary market liquidity. In times of market dislocation, CDMDF shall purchase and hold eligible corporate debt securities from the participating investors (i.e., specified debt-oriented MF schemes) and sell as markets recover. The CDMDF will thus act as a key enabler for facilitating liquidity in the corporate debt market and to respond quickly in times of market dislocation. The trigger and period for which the backstop facility will be open shall be as decided by SEBI. Thus, this backstop facility will help fund managers of the aforementioned Schemes to better generate liquidity during market dislocation to help the schemes fulfill liquidity obligations under stress situation.

In accordance with the requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023, on Investment by Mutual Fund Schemes in units of Corporate Debt Market Development Fund, the aforementioned schemes shall invest 25 bps of its AUM as on December 31, 2022 in the units of the Corporate Debt Market Development Fund ('CDMDF'). An incremental contribution to CDMDF shall be made every six months to ensure 25 bps of

scheme AUM is invested in units of CDMDf. However, if AUM decreases there shall be no return or redemption from CDMDf. Contribution made to CDMDf, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDf.

Investments in CDMDf units shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable Investment limits) and the calculations of Potential Risk Class (PRC) Matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDf.

### **C. RISK MITIGATION STRATEGIES**

Investments in debt securities and money market instruments including debt derivatives carry various risks such as inability to sell securities, trading volumes and settlement periods, interest rate risk, liquidity risk, default risk, reinvestment risk etc. Whilst such risks cannot be eliminated, they may be mitigated by diversification and hedging.

In order to mitigate the various risks, the portfolio of the Scheme will be constructed in accordance with the investment restriction specified under the Regulations which would help in mitigating certain risks relating to investments in securities market.

Further, the AMC has necessary framework in place for risk mitigation at an enterprise level. The Risk Management division is an independent division within the organization. Internal limits are defined and judiciously monitored. Risk indicators on various parameters are computed and are monitored on a regular basis. There is a Board level Committee, the Risk Management Committee of the Board, which enables a dedicated focus on risk factors and the relevant risk mitigants.

For risk control, the following may be noted:

#### **Liquidity risks:**

The liquidity of the Scheme's investments may be inherently restricted by trading volumes, transfer procedures and settlement periods. Liquidity Risk can be partly mitigated by diversification, staggering of maturities as well as internal risk controls that lean towards purchase of liquid securities.

#### **Interest Rate Risk:**

Changes in interest rates affect the prices of bonds. If interest rates rise the prices of bonds fall and vice versa. A well-diversified portfolio may help to mitigate this risk.

#### **Volatility risks:**

There is the risk of volatility in markets due to external factors like liquidity flows, changes in the business environment, economic policy etc. The scheme will manage volatility risk through diversification. To that extent the Volatility risk will be mitigated in the scheme.

#### **Credit Risks**

Credit risk shall be mitigated by investing in rated papers of the companies having the sound back ground, strong fundamentals, and quality of management and financial strength of the Company.

#### **Liquidity Risk Management Framework:**

The scheme adopts the Liquidity Risk Management Framework (LRM) as mandated by SEBI and AMFI, which requires Scheme Portfolio to maintain certain portion of their investments in liquid assets. This portion as required to be kept, is ascertained basis the scheme's liability profile, i.e investor profile. This framework seeks to estimate a likely quantum of redemption that the scheme is expected to face over the next 30 days and requires the scheme to maintain liquid assets to that extent as a minimum requirement. The Framework also enumerates corrective actions to be taken in the event of any shortfall owing to higher redemption than estimated. The Investment Manager also have in place an Asset Liability Mismatch (ALM) Framework which monitors similar aspects for a longer tenure of 90 days and ensures that schemes assets are always adequate to cater to liabilities.

**Stress Testing:**

The Investment Manager conducts Stress Tests on the Asset side, i.e. Portfolio assets on key aspects like Interest Rate Risk, Credit Risk and Liquidity Risk. These are done at an aggregate portfolio level to evaluate the impact of NAV from each of these risks. These NAV impact figures are then compared to Thresholds as laid out by AMFI and by AMC for monitoring and any action, if deemed necessary. The stress test is performed using the methodology and periodicity as mandated by AMFI in consultation to SEBI, as amended from time to time.

**D. INFORMATION ABOUT THE SCHEME:****E. WHERE WILL THE SCHEME INVEST?**

Subject to the Regulations, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities:

**1. Debt and Money Markets Instruments**

1. **Certificate of Deposits (CD)** – CD is a negotiable money market instrument issued by scheduled commercial banks and select all-India Financial Institutions that have been permitted by the RBI to raise short term resources. The maturity period of CDs issued by the Banks is between 7 days to one year, whereas, in case of FIs, maturity is between one year to 3 years from the date of issue. CDs may be issued at a discount to face value.
2. **Commercial Paper (CP)** -CP is an unsecured negotiable money market instrument issued in the form of a promissory note, generally issued by the corporates, primary dealers and all India Financial Institutions as an alternative source of short term borrowings. They are issued at a discount to the face value as may be determined by the issuer. CP is traded in secondary market and can be freely bought and sold before maturity.
3. **Treasury Bills (T-Bills)** are issued by the Government of India to meet their short term borrowing requirements. T-Bills are issued for maturities of 91 days, 182 days and 364 days. T-bills are issued at a discount to their face value and redeemed at par.
4. Bills Rediscounting, Tri-Party Repo, Repo/Reverse Repo (including repo in corporate bonds).
5. Corporate Bonds include all debt instruments (including securitized debt) issued by entities such as Banks, Public Sector Undertakings, Government Agencies and other Statutory Bodies, Municipal Corporations, body corporate, companies, trusts/Special Purpose Vehicles etc and would exclude investments in Government Securities issued by Central and/or State Government.
6. Investment in Government securities issued by Central and/or State Government to the extent of SEBI prescribed limits. Such securities may be supported by the ability to borrow from the Treasury or ii. Supported by Sovereign guarantee or the State Government or iii. Supported by Government of India/ State Government in some other way.
7. Securities issued by any government agencies, quasi-government or statutory bodies, Public Sector Undertakings, which may or may not be guaranteed or supported by the Central Government or any state government (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
8. Non-convertible securities as well as non-convertible portion of convertible securities, such as debentures, coupon bearing bonds, zero coupon bonds, deep discount bonds, Mibor-linked or other floating rate instruments, premium notes and other debt securities or obligations of public sector undertakings, banks, financial institutions, corporations, companies, and other bodies corporate as may be permitted by SEBI / RBI from time to time
9. Securitized debt, pass through obligations, various types of securitization issuances including but not limited to Asset Backed Securitization, Mortgage-Backed Securitization, single loan securitization and other domestic securitization instruments, as may be permitted by SEBI / RBI from time to time.
10. Derivatives like Interest rate swaps, Forward Rate agreements and other such instruments as permitted by RBI/ SEBI from time to time.
11. Fund may use Interest Rate Futures (IRF) to create an imperfect hedge/proper hedge from time to time as per SEBI regulations.
12. Deposits with banks and other bodies corporate as may be permitted by SEBI from time to time

13. The scheme may invest in the liquid schemes launched by SEBI registered Mutual Fund or schemes that invest predominantly in money market instruments/ securities.
14. All investments in overseas securities will be governed based on SEBI guidelines issued from time to time. The Scheme may invest in various types of Foreign Securities including, but not limited to, any of the following: i.e., foreign debt securities (non-convertible) in the countries with fully convertible currencies ii. Overseas short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies iii. Overseas Money market instruments rated not below investment grade.
15. Securities created and issued by Governments of India and/or reverse repos in such Government Securities / Treasury Bills as may be permitted by RBI.
16. The schemes may also enter into repurchase and reverse repurchase obligations in all securities (including Repos in corporate bonds) held by them as per the guidelines and regulations applicable to such transactions. It is the intention of the scheme to trade in the derivatives market as per the Regulations. The scheme may also invest into tri-party Repo as per the prescribed guidelines of RBI.
17. Overseas derivatives traded on recognized stock exchanges overseas (currently permitted only for hedging and portfolio balancing with underlying as securities).
18. Short term deposits with banks overseas where the issuer is rated not below investment grade
19. Overseas Exchange Traded Funds (ETFs).
20. units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in permitted Foreign Securities.
21. Any other permitted overseas securities/ instruments that may be available from time to time. The scheme shall not invest in foreign securitized debts. Investment in Foreign Securities shall be in accordance with the guidelines issued by SEBI from time to time. The securities mentioned above could be listed or to be listed, publicly offered, privately placed, secured, unsecured, rated or unrated and of varying maturity.
22. Units of Corporate Debt Market Development Fund

### **Investment in CD MDF**

In accordance with the requirement of Regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund, scheme shall invest 25 bps of its AUM.

#### **CD MDF Framework:**

CD MDF shall comply with the Guarantee Scheme for Corporate Debt (GSCD) as notified by Ministry of Finance vide notification no. G.S.R. 559(E) dated July 26, 2023 and SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars / guidelines/ Letters issued by SEBI and AMFI from time to time, which includes the framework for corporate debt market development fund. The framework will inclusive of following points-

- a) The CD MDF shall deal only in following securities during normal times:
  - Low duration Government Securities
  - Treasury bills
  - Tri-party Repo on G-sec
  - Guaranteed corporate bond repo with maturity not exceeding 7 days
- b) The fees and expenses of CD MDF shall be as follows:
- c) During Normal times: (0.15% + tax) of the Portfolio Value charged on daily pro-rata basis.
- d) During Market stress: (0.20% + tax) of the Portfolio Value charged on daily pro-rata basis.
- e) "Portfolio Value" means the aggregate amount of portfolio of investments including cash balance without netting off of leverage undertaken by the CD MDF.
- f) Corporate debt securities to be bought by CD MDF during market dislocation include listed money market instruments. The long term rating of issuers shall be considered for the money market instruments. However, if there is no long term rating available for the same issuer, then based on credit rating mapping of CRAs between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating.



- g) CDMDf shall follow the Fair Pricing document, while purchase of corporate debt securities during market dislocation as specified in SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars / guidelines/ Letters issued by SEBI and AMFI from time to time
- h) CDMDf shall follow the loss waterfall accounting and guidelines w.r.t. purchase allocation and trade settlement of corporate debt securities bought by CDMDf, specified in SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars / guidelines/ Letters issued by SEBI and AMFI from time to time.

**Debt and Money Markets in India**

The instruments available in Indian Debt Market are classified into two categories, namely Government and Non - Government debt. The following instruments are available in these categories:

**A] Government Debt**

- Central Government Debt
- Treasury Bills
- Dated Government Securities
- Coupon Bearing Bonds
- Floating Rate Bonds
- Zero Coupon Bonds
- State Government Debt
- State Government Loans
- Coupon Bearing Bonds

**B] Non-Government Debt**

- Instruments issued by Government Agencies and other Statutory Bodies
- Government Guaranteed Bonds
- PSU Bonds
- Instruments issued by Public Sector Undertakings
- Instruments issued by Corporate Bodies
- Fixed Coupon Bonds
- Floating Rate Bonds
- Zero Coupon Bonds
- Instruments issued by Banks and Development Financial institutions
- Certificates of Deposit
- Promissory Notes
- Commercial Paper
- Non-Convertible Debentures
- Fixed Coupon Debentures
- Floating Rate Debentures
- Zero Coupon Debentures

Activity in the Primary and Secondary Market is dominated by Central Government Securities including Treasury Bills. These instruments comprise close to 50% of all outstanding debt and close to 75% of the daily trading volume on the Wholesale Debt Market Segment of the National Stock Exchange of India Limited.

In the money market, activity levels of the Government and Non-Government Debt vary from time to time. Instruments that comprise a major portion of money market activity include but are not limited to,

- Tri-party Repo on Government securities or treasury bills.
- Treasury Bills
- Government Securities with a residual maturity of < 1 year
- Commercial Paper
- Certificates of Deposit
- Banks Rediscounting Scheme (BRDS)

Apart from these, there are some other options available for short tenure investments that include MIBOR linked debentures with periodic exit options and other such instruments. PSU / DFI / Corporate paper with a residual maturity of < 1 year, are actively traded and offer a viable investment option.

The following table gives approximate yields prevailing on May 31, 2024 on some instruments. These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in the macro economic conditions and RBI Policies.

| Instrument                           | Yield Range (% per annum) |
|--------------------------------------|---------------------------|
| Interbank Call Money                 | 6.46-6.48                 |
| 91 Day Treasury Bill                 | 6.84-6.87                 |
| 182 Day Treasury Bill                | 6.98 – 7.02               |
| A1+ Commercial Paper 90 Days         | 7.16-7.19                 |
| 5 Year Government of India Security  | 7.03-7.07                 |
| 10 Year Government of India Security | 6.98-7.00                 |
| 1 Year Corporate AAA                 | 7.87-7.89                 |

| Instrument           | Yield Range (% per annum) |
|----------------------|---------------------------|
| 3 Year Corporate AAA | 7.70-7.72                 |

Source: Refinitiv, CCIL, RBI

Generally, for instruments issued by a non-Government entity (corporate/PSU bonds), the yield is higher than the yield on a Government Security with corresponding maturity. The difference, known as credit spread, depends on various factors including the credit rating of the entity.

The securities mentioned above could be listed or to be listed, secured or unsecured, and of varying maturity, as enabled under SEBI (MF) Regulations/circulars/ RBI. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations, private placement, rights offers or negotiated deals.

#### F. WHAT ARE THE INVESTMENT RESTRICTIONS?

All investments by the Scheme and the Mutual Fund will always be within the investment restrictions as specified in the SEBI (MF) Regulations. Pursuant to the Regulations, the following investment and other restrictions are presently applicable to the scheme:

- In accordance with para 12.8 of SEBI Master Circular on Mutual Funds dated May 19, 2023 as amended from time to time, the scheme shall not invest more than:
  - 10% of its NAV in debt and money market securities rated AAA; or
  - 8% of its NAV in debt and money market securities rated AA; or
  - 6% of its NAV in debt and money market securities rated A and below issued by a single issuer.

The above investment limits may be extended by up to 2% of the NAV of the scheme with prior approval of the Board of Trustees and Board of Directors of the AMC, subject to compliance with the overall 12% limit specified in clause 1 of Seventh Schedule of MF Regulation.

- The long term rating of issuers shall be considered for the money market instruments. However, if there is no long term rating available for the same issuer, then based on credit rating mapping of CRAs between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating. Exposure to government money market instruments such as TREPS on G-Sec/ T-bills shall be treated as exposure to government securities. Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and Triparty repo on Government securities or treasury bills

Provided further that investments within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with the Board:

Provided further that such limit shall not be applicable for investments in case of debt exchange traded funds or such other funds as may be specified by the Board from time to time.

The Scheme existing as on the date of aforesaid circular shall be grandfathered from these guidelines till the maturity of the underlying debt and money market securities.

- 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 the Scheme shall not exceed 5% of the net assets of the Scheme. However, all such investments shall be made with the prior approval of the Board of AMC and Trustees.
- The Scheme shall not invest in unlisted debt instruments including commercial papers (CPs), other than (a) government securities, (b) other money market instruments and (c) derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. which are used by mutual funds for hedging. However, mutual fund schemes may invest in unlisted Non-Convertible Debentures (NCDs) not exceeding 10% of the debt portfolio of the scheme subject to the condition that such unlisted NCDs 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.

Provided further that, the Scheme shall comply with the norms under this clause within the time and in the manner as may be specified by the Board.

- All investments by the Scheme in CPs would be made only in CPs which are listed or to be listed.
- The investment of the Scheme in the following instruments shall not exceed 10% of the debt portfolio of the Scheme and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the Scheme:
  - 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

The above limits shall not be applicable on investments in securitized debt instruments.

- Investment by the Scheme 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. Further, the investment in debt instruments having credit enhancements should be sufficiently covered to address the market volatility and reduce the inefficiencies of invoking of the pledge or cover, whenever required, without impacting the interest of the investors. In case of fall in the value of the cover below the specified limit, AMCs will initiate necessary steps to ensure protection of the interest of the investors.
- The Scheme may invest in other schemes under the same AMC or any other Mutual Fund without charging any fees, provided the aggregate inter-scheme investment made by all the Schemes under the same management or in schemes under management of any other Asset Management Company shall not exceed 5% of the Net Asset Value of the Fund. No investment management fees shall be charged for investing in other schemes of the fund or in the schemes of any other Mutual Fund.
- In reference with para 4.6 SEBI Master Circular on Mutual Funds dated May 19, 2023, the Scheme shall hold at least 10% of their net assets in liquid assets. For this purpose, 'liquid assets' shall include Cash, Government Securities, T-bills and Repo on Government Securities. In case, the exposure in such liquid assets / securities falls below the threshold mandated, the AMC shall ensure compliance with the above requirement before making any further investments.
- The fund under all its schemes should not own more than ten per cent of any company's paid up capital carrying voting rights.

Provided, for investments in Asset Management Company or Trustee Company of other mutual fund, collective investment of sponsor of a mutual fund, its associate and/or its group company, and its AMC through Schemes should be considered for calculating 10% voting rights.

- Transfer of investments from one scheme to another scheme in the Mutual Fund is permitted provided:
  - Such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for spot transactions); and
  - The securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
- Transfer of investments from one scheme to another scheme in the Mutual Fund is permitted provided the same are in line with para 12.30 of SEBI Master Circular on Mutual Funds dated May 19, 2023.
- The Scheme may invest in debt instruments with special features viz. subordination to equity (absorbs losses before equity capital) and /or convertible to equity upon trigger of a pre-specified event for loss absorption including Additional Tier I bonds and Tier 2 bonds issued under Basel III framework subject to following prudential limits as prescribed under in para 12.2 of SEBI Master Circular on Mutual Funds dated May 19, 2023 or such other circular issued by SEBI from time to time:
  - (i) No Mutual Fund under all its schemes shall own more than 10% of such instruments issued by a single issuer
  - (ii) A Mutual Fund scheme shall not invest –
    - a. more than 10% of its NAV of the debt portfolio of the scheme in such instruments; and
    - b. more than 5% of its NAV of the debt portfolio of the scheme in such instruments issued by a single issuer.

(The above investment limit for the scheme shall be within the overall limit for debt instruments issued by a single issuer, as specified at clause 1 of the Seventh Schedule of SEBI (Mutual Fund) Regulations, 1996, and other prudential limits with respect to the debt instruments.)

- 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 a long-term nature.
- The 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. Further, the Mutual fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the SEBI. Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.
- Pending deployment of funds of the Scheme in terms of its investment objectives, the Scheme may invest its funds in short term deposits of scheduled commercial banks, subject to the following guidelines for parking of funds in short term deposits of scheduled commercial banks, laid down in para 12.16 of SEBI Master Circular on Mutual Funds dated May 19, 2023 and such other guidelines as may be specified by SEBI from time to time:
  - i. "Short Term" for parking of funds shall be treated as a period not exceeding 91 days. Such short-term deposits shall be held in the name of the Scheme.
  - ii. The Scheme shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with the approval of the Trustee.
  - iii. 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.
  - iv. The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
  - v. The Scheme shall not park funds in short-term deposit of a bank which has invested in the Scheme. The bank in which a scheme has short-term deposit shall not invest in the Scheme until the Scheme has short-term deposit with such bank.
  - vi. The AMC will not charge any investment management and advisory fees for funds under the Scheme parked in short term deposits of scheduled commercial banks.

The above norms do not apply to term deposits placed as margins for trading in cash and derivatives market. However, all term deposits placed as margins shall be disclosed in the half yearly portfolio statements under a separate heading. Details such as name of bank, amount of term deposits, duration of term deposits, percentage of NAV should be disclosed.

- The Scheme shall not invest (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) more than 10% of net assets in the Group. Such investment limit may be extended to 15% of the net assets of the scheme with the prior approval of the Board of Trustees.

*For this purpose, "Group" means a group as defined under regulation 2 (mm) of the Regulations and shall include an entity, its subsidiaries, fellow subsidiaries, its holding company and its associates.*

- The Scheme shall not have exposure in fixed income securities in excess of 20% of net assets in any sector as per sectoral classification as prescribed by AMFI. Provided that an additional exposure to financial services sector (over and above the limit of 20%) not exceeding 10% of the net assets of the Scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only. Further, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio. Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB) and the total investment / exposure in HFCs shall not exceed 20% of the net assets of the scheme.

Further provided that the above sectoral limit is not applicable for:

- i. AAA rated instruments of PSU Banks and AAA rated instruments of Public Financial Institutions (PFIs).
  - ii. Tri-party Repo on Government securities or treasury bills s.
  - iii. Bank Certificate of Deposits.
  - iv. Government of India securities.
  - v. Treasury Bills
  - vi. Short term deposits of scheduled commercial banks.
- The Scheme shall not make any investment in:
    - Any unlisted security of an associate or group company of the Sponsor; or
    - Any security issued by way of private placement by an associate or group company of the Sponsor; or
    - The listed securities of group companies of the Sponsor, which is in excess of 25% of the net assets.
  - The Mutual Fund shall not borrow except to meet temporary liquidity needs of the mutual fund for the purpose of repurchase / redemption of Units or payment of interest and IDCW to the Unitholders. Provided that the Mutual Fund shall not borrow more than 20% of the net assets of any individual Scheme and the duration of the borrowing shall not exceed a period of 6 months.
  - Subject to guidelines laid down in para 12.19 and 12.20 of SEBI Master Circular on Mutual Funds dated May 19, 2023, the Scheme may invest upto 20% of the average Asset Under Management ('AUM') of the previous three calendar months in overseas securities subject to maximum limit of USD 1 billion at a Fund house level. Pursuant to para 12.19 of SEBI Master Circular on Mutual Funds dated May 19, 2023 it is clarified that the aforesaid 20% limit for ongoing investment in overseas securities will be soft limit for purpose of reporting only on a monthly basis to SEBI.
  - Debentures, irrespective of any residual maturity period (above or below 1 year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1A of the Seventh Schedule to the SEBI (MF) Regulations or as may be specified by SEBI from time to time.

#### **Restrictions pertaining to Repo Transactions in Corporate Debt Securities:**

In accordance with para 12.18 of SEBI Master Circular on Mutual Funds dated May 19, 2023, the Scheme may participate in repos in corporate debt securities as per the guidelines issued by RBI and SEBI from time to time.

Participation in repos in corporate debt securities shall be made in line with the policy approved by the Board of ABSLAMC and ABSLTCPL. The key features of the policy are as follows:

- The gross exposure to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the scheme.
- The cumulative gross exposure through repo transactions in corporate debt securities along with corporate debt and money market instruments, derivative positions other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time subject to regulatory approvals, if any should not exceed 100% of the net assets of the scheme.
- Only listed corporate debt securities which are rated 'AA and above' by accredited rating agencies, that are held in the security account of the repo seller, in dematerialized form and Commercial Papers (CPs) and Certificate of Deposits (CDs), shall be eligible.
- The details of repo transactions of the Scheme in corporate debt securities, including details of counterparties, amount involved and percentage of NAV shall be disclosed to investors in the half yearly portfolio statements and to SEBI in the half yearly trustee report.
- In terms of Regulation 44 (2) of the SEBI (MF) Regulations, the scheme shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.
- The Mutual Fund shall ensure compliance with the Seventh Schedule of the SEBI (MF) Regulations about restrictions on investments, wherever applicable, with respect to repo transactions in corporate debt securities.

- Tenor: In case of investment in Corporate Repos, the tenor of the transaction may range from a minimum period of one day to a maximum period of one year.
- Haircut: A haircut shall be applicable on the market value of the corporate debt security prevailing on the date of trade of 1st leg, depending upon the rating of the underlying security.  
Applicable Minimum Haircut on the underlying security:

| Rating of the Security | AAA/A1 | AA+/A2+ | AA/A2 |
|------------------------|--------|---------|-------|
| Minimum Haircut        | 7.5%   | 8.5%    | 10%   |

- Eligible Counterparties: In accordance with the RBI Circular No. RBI/2009-10/284 idmd.dod.05/11.08.38/2009-10 dated January 8, 2010, the following categories of entities shall be deemed to be the eligible counterparties to undertake repo transactions in corporate debt securities, provided, they form part of the Fixed Income Investment Universe of Aditya Birla Sun Life Mutual Fund, have unexhausted credit limits, approved by the Credit Committee, at least to the extent of gross repo exposure and subject to execution of master repo agreement:
  - Any scheduled commercial bank excluding RRBs and LABs;
  - Any Primary Dealer authorised by the Reserve Bank of India;
  - Any non-banking financial company registered with the Reserve Bank of India (other than Government companies as defined in section 617 of the Companies Act, 1956);
  - All-India Financial Institutions, namely, Exim Bank, NABARD, NHB and SIDBI;
  - Other regulated entities, subject to the approval of the regulators concerned, viz.,
    - Any mutual fund registered with the Securities and Exchange Board of India;
    - Any housing finance company registered with the National Housing Bank; and
    - Any insurance company registered with the Insurance Regulatory and Development Authority
  - Any other entity specifically permitted by the Reserve Bank.
- Credit Rating of Counterparty: Category of Counterparty and Credit Rating of counterparty that ABSLAMC schemes shall enter into lending via Repo shall be only in Investment Grade counterparties (as required by SEBI regulation) which are part of our approved Debt Universe on which we have approved Credit Limits. ABSLAMC has a stringent Credit policy with appropriate authorisation matrix and approval structure for any credit exposures taken.
- Save as otherwise expressly provided under SEBI (MF) Regulations, the Mutual Fund shall not advance any loans for any purpose.
- In terms of provisions of para 12.25 of SEBI Master Circular on Mutual Funds dated May 19, 2023, Mutual Funds may enter into interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.
- The Scheme shall not invest in a fund of funds scheme.
- The Scheme will comply with any other regulations applicable to the investments of mutual funds from time to time.

The Trustees may alter the above restrictions from time to time to the extent that changes in the Regulations may allow and as deemed fit in the general interest of the unit holders.

These investment restrictions 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 schemes 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, BSLAMC shall as soon as possible take appropriate corrective action, taking into account the interests of the Unitholders.

In addition, certain investment parameters (like limits on exposure to Sectors, Industries, Companies, etc.) may be adopted internally by ABSLAMC, and amended from time to time, to ensure appropriate diversification / security for the Fund. The Trustee Company / ABSLAMC may alter these above stated limitations from time to time, and also to the extent the SEBI (MF) Regulations change, so as to permit the Schemes 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 Schemes will be made in accordance with SEBI (MF) Regulations, including Schedule VII thereof.

### Inter-Scheme Transfers

The Scheme shall carry out inter-scheme transfer of investments in accordance with SEBI Regulations.

Currently the regulations stipulate that inter-scheme transfers may be done provided:

- a) such transfers are done at the prevailing market price for quoted instruments on spot basis; where "spot basis" shall have the 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.

The Schemes may enter into inter-scheme transfers to meet redemption requirements. Liquidity will be managed by selling inter-scheme when other schemes have investible funds and the AMC believes that the investments are good investments to retain. Inter-scheme transfers may be resorted to for bringing the Scheme portfolios in line with their respective target allocation. At times inter-scheme transfers may be done to generate distributable surplus by converting unrealised profits into booked profits. Further in accordance with para 12. 6 of SEBI Master Circular on Mutual Funds dated May 19, 2023 inter-scheme transfers of Debt and Money Market Instruments in the Liquid schemes can be carried out in respect of securities with the maturity of upto 91 days.

### G. FUNDAMENTAL ATTRIBUTES

Following are the fundamental attributes of the Scheme, in terms of in terms of Clause 1.14 of SEBI Master Circular for Mutual Funds dated May 19, 2023

- **Type of Scheme:** An open ended ultra-short term debt scheme investing in instruments such that Macaulay duration of the portfolio is between 3 months and 6 months. A moderate interest rate risk and moderate credit risk.
- **Investment objective:** The primary objective to generate regular income through investments in debt and money market instruments. Income may be generated through the receipt of coupon payments or the purchase and sale of securities in the underlying portfolio. The scheme will under normal market conditions, invest its net assets in fixed income securities, money market instruments, cash and cash equivalents.

The Scheme does not guarantee/indicate any returns. There is no assurance that the schemes' objectives will be achieved.

- **Asset Allocation Pattern:**  
Please refer to 'Part B- Where will the Scheme invest?' of this SID for details.
- **Terms of Issue: Listing/Redemption Of Units:**  
As mentioned in "Other Scheme Specific Disclosures" of this SID
- **Aggregate Fees and Expenses**  
Please refer to Part III of this SID.
- **Any Safety Net or Guarantee provided:**  
This Scheme does not provide any guaranteed or assured return to its Investors
- **Potential Risk Class ('PRC') Matrix cell of the Scheme:**

In accordance with para 17.5.4 of SEBI Master Circular dated May 19, 2023, any change in the positioning of the PRC Matrix cell of the Scheme into a PRC cell resulting in a risk (in terms of credit risk or duration risk) which is higher than the maximum risk specified for the chosen PRC.

In accordance with Regulation 18(15A) and Regulation 25(26) of the SEBI (MF) Regulations and Clause 1.14.1.4 of SEBI Master Circular for Mutual Funds dated May 19, 2023, the asset management company shall ensure that no change in the fundamental attributes of the scheme, fees and expenses payable or any other change which would modify the scheme and affect the interest of unit holders, shall be carried out unless-SEBI has reviewed and provided its comments on the proposal:

- SEBI has reviewed and provided its comments on the proposal;
- A written communication about the proposed change is sent to each Unitholders 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
- The Unitholders are given an option to exit at the prevailing Net Asset Value without any exit load for a period of atleast 30 days.

**I. OTHER SCHEME SPECIFIC DISCLOSURES:**

|   |   |
|---|---|
| <p><b>Listing and transfer of units</b></p> | <p>The Schemes being open ended; the Units are not proposed to be listed on any stock exchange. However, the Fund may at its sole discretion list the Units on one or more stock exchanges at a later date if it considers this to be necessary in the interest of unit holders of the scheme.</p> <p>In accordance with para 14.4.4. of SEBI Master Circular on Mutual Funds dated May 19, 2023 on transferability of mutual fund units, investors/unitholders of the schemes of Aditya Birla Sun Life Mutual Fund are requested to note that units held in electronic (demat) form shall be transferable under the depository system, except in case of units held in Equity Linked Savings Scheme (ELSS) during the lock-in Period and will be subject to the transmission facility in accordance with the provisions of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as may be amended from time to time.</p> <p>Transfer of units will be subject to payment of applicable stamp duty by the Unitholder(s).</p>  |
| <p><b>Dematerialization of units</b></p>    | <p>The Unitholders are given an Option to subscribe to/hold the units by way of an Account Statement or in Dematerialized ('Demat') form.</p> <p>Unitholders opting to hold the units in electronic (demat) form must provide their Demat Account details in the specified section of the application form. The Unit holder intending to hold the units in Demat form are required to have a beneficiary account with a Depository Participant (DP) (registered with NSDL / CDSL) and will be required to indicate in the application the DP's name, DP ID Number and the beneficiary account number of the applicant held with the DP at the time of subscribing to the units.</p> <p>Applicants must ensure that the sequence of the names as mentioned in the application form matches with that of the beneficiary account held with the DP. Names, PAN details, KYC details etc. mentioned in the Application Form will be verified against the Depository records.</p> <p>In case the unit holders do not provide their Demat Account details or provide incomplete details or the details do not match with the records as per Depository(ies), units shall be allotted in physical (non-demat) form, subject to</p> |



|   |  |
|---|--|
|   | <p>it being complete in all other aspects. Unitholders who have opted to hold and thereby allotted units in electronic (demat) form will receive payment of redemption / IDCW proceeds into bank account linked to their Demat account.</p> <p>However, Special Products/ Facilities such as Systematic Transfer Plan, Systematic Withdrawal Plan, Switching etc. offered by ABSLAMC/Mutual Fund under the scheme shall be available for unitholders in case the units are held/opted to be held in physical (non-demat) mode. Further, the Investors also have an option to subscribe to / hold units in demat form through fresh investment applications for SIP. Under SIP option, units will be allotted based on the applicable NAV as per provisions of this SID and will be credited to demat account of the investors on weekly basis (upon realisation of funds).</p> <p>The allotment of units in demat form shall be subject in terms of the guidelines/ procedural requirements as laid by the Depositories (NSDL/CDSL) from time to time.</p> <p>In case, the Unitholder desires to hold the Units in a Dematerialized /Rematerialized form at a later date, the request for conversion of units held in physical (non-demat) mode into electronic (demat) form or vice-versa should be submitted alongwith a Demat/Remat Request Form to their Depository Participant(s). Investors should ensure that the combination of names in the account statement is the same as that in the demat account.</p> |
| <b>Minimum Target amount (This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return.)</b> | N.A.   |
| <b>Maximum Amount to be raised (if any)</b>   | N.A.   |
| <b>Income Distribution cum capital withdrawal Policy</b>  | <p>Under IDCW option, it is proposed to declare IDCW subject to the availability of distributable surplus as computed in accordance with SEBI Regulations. IDCW, if declared, will be paid (subject to deduction of tax at source, if any) to those unitholders, whose names appear in the register of unitholders on the notified record date. AMC reserves the right to change the record date from time to time. However, it must be distinctly understood that actual declaration of IDCW and frequency thereof is at the discretion of Trustees. There is no assurance or guarantee to unitholders as to the rate of IDCW distribution nor that will the IDCW be paid regularly. On payments of IDCW, the NAV will stand reduced by the amount of IDCW paid and the IDCW distribution tax/ surcharge/ cess and other statutory levies, if applicable.</p> <p><b>IDCW Distribution Procedure:</b></p> <p>The salient features with respect to the IDCW distribution, in accordance with Chapter 11 of SEBI Master Circular on Mutual Funds dated May 19, 2023 are as follows :</p>   |

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|   | <ul style="list-style-type: none"> <li>• Quantum of IDCW and Record date shall be fixed by the Trustees.</li> <li>• AMC shall issue a notice to the public communicating the decision about IDCW including the record date, within one calendar day of the decision made by the trustees in their meeting.</li> </ul> <p>Record date shall be the date that will be considered for the purpose of determining the eligibility of investors whose name appear on the register of unitholders. Record date shall be two working days from the date of publication in at least one English newspaper or in a newspaper published in the language of the region where the Head Office of the mutual fund is situated, whichever is issued earlier. However, the aforesaid procedure shall not be applicable for plan/ options having frequency of IDCW distribution from daily upto monthly.</p>  |
| <p><b>Allotment (Detailed procedure)</b></p>  | <p>All Applicants whose cheques towards purchase of Units have been realised will receive a full and firm allotment of Units, provided that the applications are complete in all respects and are found to be in order. In case of Unitholder who have provided their e-mail address the Fund will provide the Account Statement only through e-mail message, subject to SEBI Regulations and unless otherwise required. Subject to the SEBI Regulations, the AMC / Trustee may reject any application received in case the application is found invalid/incomplete or for any other reason in their sole discretion. All allotments will be provisional, subject to realisation of payment instrument and subject to the AMC having been reasonably satisfied about receipt of clear funds. Any redemption or switch out transaction in the interim is liable to be rejected at the sole discretion of the AMC.</p> <p>Allotment to NRIs/FPIs will be subject to RBI approval, if required. It is mandatory for NRIs to attach a copy of the payment cheque / FIRC / Debit Certificate to ascertain the repatriation status of the amount invested. NRI Applicants should also clearly tick on account type as NRE or NRO or FCNR to determine the repatriation status of the investment amount. The AMC and the Registrar may ascertain the repatriation status purely based on the details provided in the application form under Investment and Payment details and will not be liable for any incorrect information provided by the applicants. Applicants will have to coordinate with their authorized dealers and banks to repatriate the investment amount as and when needed. All applications and/or refunds that are rejected for any reason whatsoever will be returned by normal post within 15 days to the address as mentioned by the applicant. The Mutual Fund reserves the right to recover from an investor any loss caused to the Schemes on account of dishonour of cheques issued by him/her/it for purchase of Units.</p> |
| <p><b>Refund</b></p>  | <p>If application is rejected, full amount will be refunded within 5 working days of closure of NFO. If refunded later than 5 working days @ 15% p.a. for delay period will be paid and charged to the AMC.</p>   |
| <p><b>Who can invest</b><br/><b>This is an indicative list and investors shall consult their financial advisor to ascertain whether the scheme is suitable to their risk profile.</b></p> | <p>The following persons are eligible and may apply for subscription to the Units of the Scheme (subject, wherever relevant, to purchase of units of mutual funds being permitted under relevant statutory regulations and their respective constitutions):</p> <ol style="list-style-type: none"> <li>1. Resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;</li> <li>2. Karta of Hindu Undivided Family (HUF);</li> <li>3. Minors through parent / legal guardian;</li> <li>4. Partnership Firms &amp; Limited Liability Partnerships (LLPs);</li> <li>5. Companies, Bodies Corporate, Public Sector Undertakings, Association of Persons or bodies of individuals and societies registered under the</li> </ol>   |

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|  | <p>Societies Registration Act, 1860;</p> <ol style="list-style-type: none"> <li>6. Banks &amp; Financial Institutions;</li> <li>7. Mutual Funds / Alternative Investment Funds registered with SEBI;</li> <li>8. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private trusts authorised to invest in mutual fund schemes under their trust deeds;</li> <li>9. Non-Resident Indians (NRIs) / Persons of Indian origin (PIOs) / Overseas Citizen of India(OCIs) residing abroad on repatriation basis or on non-repatriation basis;</li> <li>10. Foreign Portfolio Investors (FPIs) registered with SEBI</li> <li>11. Army, Air Force, Navy and other para-military units and bodies created by such institutions;</li> <li>12. Scientific and Industrial Research Organisations;</li> <li>13. Multilateral Funding Agencies / Bodies Corporate incorporated outside India with the permission of Government of India / Reserve Bank of India;</li> <li>14. Other schemes of Mutual Funds subject to the conditions and limits prescribed by SEBI (MF) Regulations;</li> <li>15. Trustee, AMC or Sponsor or their associates may subscribe to Units under the Scheme;</li> <li>16. Such other individuals / institutions / body corporate etc., as may be decided by the Mutual Fund from time to time, so long as wherever applicable they are in conformity with SEBI Regulations.</li> </ol> <p>Notes:</p> <ul style="list-style-type: none"> <li>• NRI and PIO residing abroad (NRIs) / OCI have been granted a general permission by Reserve Bank of India [Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 for investing in / redeeming units of the mutual funds subject to conditions set out in the aforesaid regulations.</li> <li>• Subject to provisions of SEBI (MF) Regulations, FEMA and other applicable regulations read with guidelines and notifications issued from time to time by SEBI and RBI, investments in the schemes can be made by various categories of persons as listed above including NRIs, FPIs etc.</li> </ul> <p>FATCA is a United States (US) Federal Law, aimed at prevention of tax evasion by US Citizens and Residents (US Persons) through use of offshore accounts. FATCA provisions were included in the Hiring Incentives to Restore Employment (HIRE) Act, enacted by US Legislature.</p> <p>SEBI vide its circular no. CIR/MIRSD/2/2014 dated June 30, 2014, has advised that Government of India and US Government have reached an agreement in substance on the terms of an Inter-Governmental Agreement (IGA) to implement FATCA and India is now treated as having an IGA in effect from April 11, 2014. Further, SEBI vide its circular no. CIR/MIRSD/2/2015 dated August 26, 2015 has informed that on July 9, 2015, the Government of India and US Government have signed an agreement to improve international tax compliance and to implement FATCA in India. The USA has enacted FATCA in 2010 to obtain information on accounts held by U.S. taxpayers in other countries. As per the aforesaid agreement, foreign financial institutions (FFIs) in India will be required to report tax information about U.S. account holders / taxpayers directly to the Indian Government which will, in turn, relay that information to the U.S. Internal Revenue Service (IRS).</p> |
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|  | <p>Aditya Birla Sun Life AMC Limited (the AMC)/the Fund is classified as a Foreign Financial Institution (FFI) under the FATCA provisions and in accordance therewith, the AMC/the Fund would be required, from time to time:</p> <p>(i) To undertake necessary due diligence process by collecting information/documentary evidence about US/Non US status of the investors/unit holders and identify US reportable accounts;</p> <p>(ii) To the extent legally permitted, disclose/report information (through itself or its service provider) about the holdings, investments returns pertaining to US reportable accounts to the specified US agencies and/or such Indian authorities as may be specified under FATCA guidelines or under any other guidelines issued by Indian Authorities such as SEBI, Income Tax etc. (collectively referred to as 'the Guidelines'); and ;</p> <p>(iii) Carry out any other related activities, as may be mandated under the Guidelines, as amended from time to time.</p> <p>FATCA due diligence will be applicable at each investor/unit holder (including joint holders) level and on being identified as reportable person/specified US person, all folios/accounts will be reported including their identity, direct or indirect beneficiaries, beneficial owners and controlling persons. Further, in case of folio(s)/account(s) with joint holder(s), the entire account value of the investment portfolio will be attributable under each such reportable person. Investor(s)/Unit Holder(s) will therefore be required to comply with the request of the AMC/the Fund to furnish such information, in a timely manner as may be required by the AMC/the Fund to comply with the due diligence/reporting requirements stated under IGA and/or the Guidelines issued from time to time.</p> <p>FATCA provisions are relevant not only at on-boarding stage of investor(s)/unit holder(s) but also throughout the life cycle of investment with the Fund/the AMC. In view of this, Investors should immediately intimate to the Fund/the AMC, in case of any change in their status with respect to FATCA related declaration provided by them previously.</p> <p>The Fund/AMC reserves the right to reject any application or redeem the units held directly or beneficially in case the applicant/investor(s) fails to furnish the relevant information and/or documentation in accordance with the FATCA provisions, notified.</p> <p>The AMC reserves the right to change/modify the provisions mentioned above in response to any new regulatory development which may require to do so at a later date.</p> <p><b>Unitholders should consult their own tax advisors regarding the FATCA requirements with respect to their own situation and investment in the schemes of Aditya Birla Sun Life Mutual Fund to ensure that they do not suffer U.S. withholding tax on their investment returns.</b></p> <ul style="list-style-type: none"> <li>• In case of application under a Power of Attorney or by a limited company or a corporate body or an eligible institution or a registered society or a trust fund, the original Power of Attorney or a certified true copy duly notarised or the relevant resolution or authority to make the application as the case may be, or duly notarised copy thereof, alongwith a certified copy of the Memorandum and Articles of Association and/or bye-laws and / or trust deed and / or partnership deed and Certificate of Registration should be submitted. The officials should sign the application under their official</li> </ul> |
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|                                 | <p>designation. A list of specimen signatures of the authorised officials, duly certified / attested should also be attached to the Application Form. In case of a Trust / Fund it shall submit a resolution from the Trustee(s) authorising such purchases and redemptions.</p> <ul style="list-style-type: none"> <li>Returned cheques are not liable to be presented again for collection, and the accompanying application forms are liable to be rejected. In case the returned cheques are presented again, the necessary charges, if any, are liable to be debited to the investor.</li> <li>The list given above is indicative and the applicable law, if any, shall supersede the list.</li> <li>The Trustee, reserves the right to recover from an investor any loss caused to the Scheme on account of dishonour of cheques issued by the investor for purchase of units of this Scheme.</li> </ul> <p>Prospective investors are advised to satisfy themselves that they are not prohibited by any law governing such entity and any Indian law from investing in the Scheme(s) and are authorized to purchase units of mutual funds as per their respective constitutions, charter documents, corporate / other authorizations and relevant statutory provisions.</p>   |
| <p><b>Who cannot invest</b></p> | <p>The persons/entities as specified under section "Who Can Invest" shall not be eligible to invest in the Scheme, if such persons/entities are:</p> <ol style="list-style-type: none"> <li>United States Person (U.S. person*) as defined under the extant laws of the United States of America, except the following: <ol style="list-style-type: none"> <li>NRIs/PIOs may invest/transact, in the Scheme, when present in India, as lump sum subscription, redemption and/or switch transaction and registrations of systematic transactions only through physical form and upon submission of such additional documents/undertakings, etc., as may be stipulated by AMC/ Trustee from time to time and subject to compliance with all applicable laws and regulations prior to investing in the Scheme.</li> <li>FPIs may invest in the Scheme as lump sum subscription and/or switch transaction (other than systematic transactions) through submission of physical form in India, subject to compliance with all applicable laws and regulations and the terms, conditions, and documentation requirements stipulated by the AMC/Trustee from time to time, prior to investing in the Scheme.</li> </ol> <p>The Trustee/AMC reserves the right to put the transaction requests received from such U.S. person on hold/reject the transaction request/redeem the units, if allotted, as the case may be, as and when identified by the AMC that the same is not in compliance with the applicable laws and/or the terms and conditions stipulated by Trustee/AMC from time to time. Such redemptions will be subject to applicable taxes and exit load, if any.</p> <p>The physical application form(s) for transactions (in non-demat mode) from such U.S. person will be accepted ONLY at the Investor Service Centres (ISCs) of Aditya Birla Sun Life AMC Limited. Additionally, such transactions in physical application form(s) will also be accepted through Distributors and other platforms subject to receipt of such additional documents/undertakings, etc., as may be stipulated by AMC/ Trustee from time to time from the Distributors/ Investors.</p></li> </ol> <ol style="list-style-type: none"> <li>Residents of Canada;</li> <li>Investor residing in any Financial Action Task Force (FATF) designated High Risk jurisdiction.</li> </ol> <p>*The term "U.S. person" means any person that is a U.S. person within the meaning of Regulations under the Securities Act of 1933 of U.S. or as defined by the U.S. Commodity Futures Trading Commission or as per</p> |

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|   | such further amended definitions, interpretations, legislations, rules etc., as may be in force from time to time.  |
| <b>How to Apply and other details</b>   | <p>Application form and Key Information Memorandum may be obtained from the designated offices / ISCs of AMC or Investor Service Centres (ISCs) of the Registrar or distributors or downloaded from <a href="http://www.mutualfund.adityabirlacapital.com">www.mutualfund.adityabirlacapital.com</a>.</p> <p>The application forms can also be submitted at the designated offices / ISCs of Aditya Birla Sun Life Mutual Fund as mentioned in this SID.</p> <p>Registrar &amp; Transfer Agents<br/> <b>Computer Age Management Services Limited (CAMS)</b><br/> Rayala Towers, 158, Anna Salai, Chennai – 600 002.<br/> Contact Details: 1800-425-2267<br/> E-mail: <a href="mailto:adityabirlacapital.mf@camsonline.com">adityabirlacapital.mf@camsonline.com</a><br/> Website Address: <a href="http://www.camsonline.com">www.camsonline.com</a></p> <p>Please refer to the SAI and Application form for the instructions.</p>  |
| <b>The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.</b> | <p>The Units can be repurchased/redeemed (i.e., sold back to the Fund) or Switched-out on every business day, at the Applicable NAV subject to payment of exit load, if any and lock-in period, if any. The Units so repurchased shall not be reissued. The Redemption / Switch-out request can be made by way of a written request / pre-printed form / relevant tear off section of the Transaction Slip enclosed with the Account Statement, which should be submitted at / may be sent by mail to any of the ISCs.</p> <p>In case the Units are held in the names of more than one Unit holder, where mode of holding is specified as "Joint", Redemption requests will have to be signed by all the joint holders. However, in cases of holding specified as 'Anyone or Survivor', any of the Unit holders will have the power to make Redemption request, without it being necessary for all the Unit holders to sign. However, in all cases, the Redemption proceeds will be paid only to the first named holder.</p> <p>The Redemption would be permitted to the extent of clear credit balance in the Unit holder's account. The Redemption request can be made by specifying the rupee amount or by specifying the number of Units to be redeemed, except in case of units held in electronic (demat) mode, where the redemption request can be given only in terms of number of Units to be redeemed. Also Switch transactions are currently not available in case of units held in electronic (demat) mode. If a Redemption request is for both, a specified rupee amount and a specified number of Units, the specified number of Units will be considered the definitive request. If only the Redemption amount is specified by the Unit holder, the AMC will divide the Redemption amount so specified by the Redemption Price to arrive at the number of Units. The request for Redemption of Units could also be in fractions, upto three decimal places. For further details, please refer to "Redemptions"</p> |
| <b>Restrictions, if any, on the right to freely retain or dispose of units being offered.</b>   | <p><b>Suspension of Sale / Switching Options of the Units:</b></p> <p>The Mutual Fund at its sole discretion reserves the right to suspend sale and switching of Units in the Scheme temporarily or indefinitely when any of the following conditions exist. However, the suspension of sale and switching of Units either temporarily or indefinitely will be with the approval of the Trustee.</p> <ol style="list-style-type: none"> <li>1. When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme are</li> </ol>  |

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|  | <p>closed otherwise than for ordinary holidays.</p> <ol style="list-style-type: none"> <li>2. When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme are not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unit holders.</li> <li>3. In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.</li> <li>4. During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial to the interests of the Unit holders of the Scheme.</li> <li>5. In case of natural calamities, strikes, riots and bandhs.</li> <li>6. In the event of any force majeure or disaster that affects the normal functioning of the AMC or the ISC.</li> <li>7. If so directed by SEBI.</li> </ol> <p>The AMC reserves the right in its sole discretion to withdraw the facility of Sale and Switching option of Units into the Scheme [including any one Plan/Option of the Scheme], temporarily or indefinitely, if AMC views that changing the size of the corpus further may prove detrimental to the existing Unit holders of the Scheme</p>  |
| <p><b>Right to Limit Redemptions</b></p> | <p>Subject to the approval of the Board of Directors of Aditya Birla Sun Life AMC Limited (“ABSLAMC”) and the Aditya Birla Sun Life Trustee Private Limited (“Trustee”) and also subject to necessary communication of the same to SEBI, the redemption of / switch-out of Units of Scheme(s) of the Fund, may be temporarily suspended/ restricted under the following circumstances that leads to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets:</p> <p><b>a) Liquidity issues</b> - When markets at large becomes illiquid affecting almost all securities rather than any issuer specific security.</p> <p><b>b) Market failures, exchange closures</b> - When markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies.</p> <p><b>c) Operational issues</b> - When exceptional circumstances are caused by <i>force majeure</i>, unpredictable operational problems and technical failures (e.g. a black out).</p> <p>Under the aforesaid circumstances, ABSLAMC / Trustee may restrict redemption for a specified period of time not exceeding 10 working days in any 90 days period.</p> <p>For redemption requests placed during the restriction period the following provisions will be applicable:</p> <ol style="list-style-type: none"> <li>(i) For redemption requests upto Rs. 2 lakh the above-mentioned restriction will not be applicable; and</li> <li>(ii) Where redemption requests are above Rs. 2 lakh, AMCs shall redeem the first Rs. 2 lakh without such restriction and remaining part over and above Rs. 2 lakh shall be subject to such restriction.</li> </ol> <p>ABSLAMC / Trustee reserves the right to change / modify the provisions of right to limit Redemption / switch-out of units of the Scheme(s) pursuant to direction/ approval of SEBI</p> |

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| <p><b>Cut off timing for subscriptions/ redemptions/ switches</b></p> <p><b>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</b></p> | <p>In accordance with provisions of para 8.4 of SEBI Master Circular on Mutual Funds dated May 19, 2023, and and further amendments if any, thereto, the following cut-off timings shall be observed by Mutual Fund in respect of purchase/ redemption/ switches of units of the scheme, and the following NAVs shall be applied in each case:</p> <p><b>I. APPLICABLE NAV FOR SUBSCRIPTIONS/ PURCHASE INCLUDING SWITCH-IN OF ANY AMOUNT:</b></p> <ul style="list-style-type: none"> <li>• In respect of valid applications received upto 3.00 p.m. and where funds for the entire amount are available for utilization before the cut-off time i.e. credited to the bank account of the scheme before the cut-off time - the closing NAV of the day shall be applicable.</li> <li>• In respect of valid applications received after 3.00 p.m. and where the funds for the entire amount are credited to the bank account of the scheme before the cut-off time of the next business day i.e. available for utilization before the cut-off time of the next business day – the closing NAV of the next business day shall be applicable.</li> <li>• Irrespective of the time of receipt of application on any given day, where the funds for the entire amount are credited to the bank account of the scheme before the cut-off time on any subsequent business day i.e. available for utilization before the cut-off time on any subsequent business day - the closing NAV of such subsequent business day shall be applicable.</li> <li>• In case of switch transactions from one scheme to another, the allocation to switch-in scheme shall be in line with the redemption payouts.</li> </ul> <p>Further, for systematic transactions viz. Systematic Investment Plans, Systematic Transfer Plans, etc., units will be allotted as per the closing NAV of the day when funds are available for utilization by the target scheme, irrespective of the systematic installment date.</p> <p><b>II. APPLICABLE NAV FOR REDEMPTIONS INCLUDING SWITCH-OUT OF UNITS:</b></p> <ul style="list-style-type: none"> <li>• In respect of valid applications received upto 3.00 p.m. by the Mutual Fund, same day's closing NAV shall be applicable.</li> <li>• In respect of valid applications received after 3.00 p.m. by the Mutual Fund, the closing NAV of the next business day shall be applicable.</li> </ul> <p>While the Applicable NAV shall be as per cut-off time specified above, the NAV shall be declared in accordance with the provisions as mentioned in this Scheme Information Document.</p> |
| <p><b>Minimum amount for purchase/redemption/ switches</b></p>  | <p><b><u>During Ongoing Offer period:</u></b></p> <p><b>Fresh Purchase (Incl. Switch-in):</b> Minimum of Rs. 1,000/- and in multiples of Re. 1/- thereafter</p> <p><b>Additional Purchase (Incl. Switch-in):</b> Minimum of Rs.1,000/- and in multiples of Re.1/- thereafter</p> <p><b>Repurchase for all Plans/Options:</b> In Multiples of Re. 1/- or 0.001 units.</p> <p>The Redemption would be permitted to the extent of clear credit balance in the Unit holder's account. The Redemption request can be made by specifying the rupee amount or by specifying the number of Units to be redeemed. If a Redemption request is for both, a specified rupee amount and a specified number of Units, the specified number of Units will be considered the definitive request. If only the Redemption amount is specified by the Unit holder, the AMC will divide the Redemption amount so specified by the Redemption Price to arrive at the number of Units. The request for Redemption of Units could also be in fractions, upto three decimal places. However, in case of units held in electronic (demat) mode, the redemption request can be given only in number of Units. Also Switch</p>   |



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|  | <p>transactions are currently not available in case of units held in electronic (demat) mode. For further details on Redemption, please refer section on Redemption.</p>   |
| <p><b>Ongoing Price for redemption (sale) / switch outs (to other schemes / plans of the Mutual Fund) by investors.</b></p> <p>This is the price you will receive for redemptions/switch outs.</p> | <p>At Applicable NAV, subject to prevailing exit load, if any.</p> <p>For example, if the Applicable NAV of the Scheme is Rs.10/- and the Exit Load is 2%, then the Redemption Price will be calculated as follows:</p> <p>Redemption Price = Rs. 10* (1-2%) i.e. Rs. 10*0.98 = Rs. 9.80/-</p> <p>Redemption amount of 1,000 Units = 1,000*9.80 = Rs.9,800 (subject to applicable taxes)</p>   |
| <p><b>Accounts Statements</b></p>  | <p>The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 working days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form).</p> <p>A Consolidated Account Statement (CAS) detailing all the transactions across all mutual funds (including transaction charges paid to the distributor) and holding at the end of the month shall be sent to the Unit holders in whose folio(s) transaction(s) have taken place during the month by mail or email on or before 15th of the succeeding month.</p> <p>Half-yearly CAS shall be issued at the end of every six months (i.e. September/ March) on or before 21st day of succeeding month, to all investors providing the prescribed details across all schemes of mutual funds and securities held in dematerialized form across demat accounts, if applicable</p> <p>For further details, refer SAI.</p> |
| <p><b>IDCW</b></p>   | <p>The IDCW warrants shall be made to the unitholders within seven working days from the record date. In the event of failure to make IDCW payment within the stipulated period, the AMC shall be liable to pay interest @ 15 per cent per annum to the unit holders for the period of such delay.</p> <p>AMC will endeavor to credit the payouts of IDCW directly to the designated Bank A/c of the unitholders of Aditya Birla Sun Life Mutual Fund schemes through any of the available electronic mode (i.e. RTGS / NEFT / Direct Credit / NACH). AMC reserves the right to use any of the above mode of payment as deemed appropriate for all folios where the required information is available.</p>   |
| <p><b>Redemption</b></p>   | <p>The Mutual Fund shall transfer the Redemption proceeds within three working days from the date of Redemption or repurchase.</p> <p>However, in case of exceptional circumstances mentioned in para 14.1.3 of SEBI Master Circular dated May 19, 2023, redemption or repurchase proceeds will be transferred / dispatched to Unitholders within the time frame prescribed for such exceptional circumstances. For further details, investors are requested to refer to Statement of Additional Information (SAI).</p> <p>The Units can be Redeemed (i.e. sold back to the Mutual Fund) or Switched-out on every Business Day at the Redemption Price. The Redemption / Switch-out request can be made by way of a written request / pre-printed form / relevant tear off section of the Transaction Slip enclosed with the Account Statement, which should be submitted at / may be sent by mail to any of the</p>   |

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|  | <p>ISCs.</p> <p>In case an investor has purchased Units of the Scheme on more than one Business Day (either during the New Fund Offer Period, or on an ongoing basis), the Units purchased prior in time will be redeemed/switched-out first. Thus, in case of valid application for redemption/switch-out is made by the investor, those Units of the scheme which have been held for the longest period of time will be redeemed/switched-out first i.e. on a First-in-First-Out basis.</p> <p>However, where Units under a Scheme are held under both Regular and Direct Plans and the redemption / Switch request pertains to the Direct Plan, the same must clearly be mentioned on the request (along with the folio number), failing which the request would be processed from the Regular Plan. However, where Units under the requested Option are held only under one Plan, the request would be processed under such Plan.</p> <p>The Redemption would be permitted to the extent of clear credit balance in the Unit holder's account. The Redemption request can be made by specifying the rupee amount or by specifying the number of Units to be redeemed. If a Redemption request is for both, a specified rupee amount and a specified number of Units, the specified number of Units will be considered the definitive request. If only the Redemption amount is specified by the Unit holder, the AMC will divide the Redemption amount so specified by the Redemption Price to arrive at the number of Units. The request for Redemption of Units could also be in fractions, upto three decimal places. However, in case of units held in electronic (demat) mode, the redemption request can be given only in number of Units. Also Switch transactions are currently not available in case of units held in electronic (demat) mode.</p> <p>In case the Units are held in the names of more than one Unit holder, where mode of holding is specified as "Joint", Redemption requests will have to be signed by all the joint holders. However, in cases of holding specified as 'Anyone or Survivor', any of the Unit holders will have the power to make Redemption request, without it being necessary for all the Unit holders to sign. However, in all cases, the Redemption proceeds will be paid only to the first named holder.</p> <p>AMC will endeavor to credit the redemptions payouts directly to the designated Bank A/c of the unitholder through any of the available electronic mode (i.e. RTGS / NEFT / Direct Credit). AMC reserves the right to use any of the above mode of payment as deemed appropriate for all folios where the required information is available. AMC/Mutual Fund, however, reserves the right to issue a cheque / demand draft inspite of an investor opting for Electronic Payout.</p> |
| <b>Bank Mandate</b>  | In order to protect the interest of investors from fraudulent encashment of cheques, the current SEBI (MF) Regulations have made it mandatory for investors to mention in their application / Redemption request, the bank name and account number. Applications without these details are liable to be rejected.   |
| <b>Delay in payment of redemption / repurchase proceeds/IDCW</b> | The AMC shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).   |

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| <b>Unclaimed Redemption and Income Distribution Capital Amount cum Withdrawal</b> | <p>The unclaimed redemption amount and IDCW amounts may be deployed by the Mutual Fund in call money market or money market instruments or a separate plan of only Overnight scheme/Liquid scheme/ Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts. Provided that such schemes where the unclaimed redemption and IDCW amounts are deployed shall be only those Overnight scheme/ Liquid scheme / Money Market Mutual Fund schemes which are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix as per para 17.5 of SEBI Master Circular on Mutual Funds dated May 19, 2023. No exit load shall be charged on these plans and Total Expense Ratio (TER) of such plan shall be capped as per the TER of direct plan of such scheme or at 50bps whichever is lower. The investors who claim the unclaimed amounts during a period of three years from the due date shall be paid initial unclaimed amount along-with the income earned on its deployment. Investors who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education.</p> <p>Please refer to SAI for further details.</p>  |
| <b>Disclosure w.r.t investment by minors</b>                                      | <ul style="list-style-type: none"> <li>• In case of application in the name of minor, the minor has to be the first and the sole holder. No joint holder will be allowed with the Minor as the first or sole holder. The Guardian of the minor should either be a natural guardian (i.e. father or mother) or a court appointed legal guardian. In accordance with para 17.6 of SEBI Master Circular on Mutual Funds dated May 19, 2023 read with SEBI circular dated May 12, 2023, payment for investment by any mode shall be accepted from the bank account of the minor, parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian, else the transaction is liable to get rejected. A copy of birth certificate, passport copy, etc. evidencing date of birth of the minor and relationship of the guardian with the minor, should be mandatorily attached with the application. Further, irrespective of the source of payment for subscription, all redemption proceeds shall be credited only in the verified bank account of the minor, i.e. the account the minor may hold with the parent/ legal guardian after completing all KYC formalities.</li> <li>• The minor unitholder, on attaining majority, shall inform the same to AMC / Mutual Fund / Registrar and submit following documents to change the status of the account (folio) from 'minor' to 'major' to allow him to operate the account in his own right viz., (a) Duly filled request form for changing the status of the account (folio) from 'minor' to 'major'. (b) Updated bank account details including cancelled original cheque leaf of the new account (c) Signature attestation of the major by a bank manager of Scheduled bank / Bank certificate or Bank letter. (d) KYC acknowledgement letter of major. The guardian cannot undertake any financial and non-financial transactions after the date of the minor attaining majority in an account (folio) where the units are held on behalf of the minor, and further, no financial and non-financial transactions can be undertaken till the time the change in the status from 'minor' to 'major' is registered in the account (folio) by the AMC/ Mutual Fund.</li> </ul> <p>The list given above is indicative and the applicable law, if any, shall supersede the list.</p> |

| <p><b>Minimum balance to be maintained and consequences of non-maintenance</b></p> | <p>There is no minimum balance requirement.</p>   |                       |                      |            |             |              |  |                     |  |  |  |                                   |                |                |                |  |                       |                       |                      |   |   |   |           |   |   |             |             |   |           |             |           |                                   |              |             |              |            |             |              |  |  |  |  |  |  |  |
|--|---|-----------------------|----------------------|------------|-------------|--------------|--|---------------------|--|--|--|-----------------------------------|----------------|----------------|----------------|--|-----------------------|-----------------------|----------------------|---|---|---|-----------|---|---|-------------|-------------|---|-----------|-------------|-----------|-----------------------------------|--------------|-------------|--------------|------------|-------------|--------------|--|--|--|--|--|--|--|
| <p><b>Mandatory Swing Pricing Framework</b></p>                                    | <p><b>Swing Pricing:</b></p> <p>Swing pricing refers to a process for adjusting a fund’s net asset value (NAV) to effectively pass on transaction costs stemming from net capital activity (i.e., flows into or out of the fund) to the investors associated with that activity during the life of a fund.</p> <p>During market dislocation, following Swing Pricing Framework shall be applicable:</p> <ol style="list-style-type: none"> <li>1. The Swing Pricing Framework shall apply in case of scenarios related to net outflows from the schemes.</li> <li>2. SEBI will determine ‘market dislocation’ either based on AMFI’s recommendation or suo moto.</li> <li>3. Once market dislocation is declared, SEBI will notify that swing pricing will be applicable for a specified period.</li> <li>4. Mandatory swing pricing will apply for Applicable Schemes which have:             <ol style="list-style-type: none"> <li>i) High or Very High risk on the risk-o-meter (as of the most recent period at the time of declaration of market dislocation); and</li> <li>ii) Classify themselves in the cells A-III, B-II, B-III, C-I, C-II and C-III of Potential Risk Class (PRC) Matrix.</li> </ol> </li> <li>5. <b>Swing Factor:</b> Minimum Swing factor as per below matrix shall be made applicable to the above mentioned schemes and the NAV will be adjusted for the swing factor.</li> </ol> <table border="1" data-bbox="467 1189 1398 1688"> <thead> <tr> <th colspan="4" style="text-align: center;"><b>Swing factor</b></th> </tr> <tr> <th style="text-align: left;"><b>Max Credit Risk of scheme→</b></th> <th style="text-align: center;"><b>Class A</b></th> <th style="text-align: center;"><b>Class B</b></th> <th style="text-align: center;"><b>Class C</b></th> </tr> <tr> <th style="text-align: left;"><b>Max Interest Rate Risk (CRV* &lt;10) the scheme ↓</b></th> <th style="text-align: center;"><b>(CRV* &gt;=12)</b></th> <th style="text-align: center;"><b>(CRV* &gt;=10)</b></th> <th style="text-align: center;"><b>(CRV* &lt;10)</b></th> </tr> </thead> <tbody> <tr> <td><b>Class I: (Macaulay duration &lt;=1 year)</b></td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">C-I: 1.5%</td> </tr> <tr> <td><b>Class II: (Macaulay duration &lt;=3 years)</b></td> <td style="text-align: center;">-</td> <td style="text-align: center;">B-II: 1.25%</td> <td style="text-align: center;">C-II: 1.75%</td> </tr> <tr> <td><b>Class III: Any Macaulay duration</b></td> <td style="text-align: center;">A-III: 1%</td> <td style="text-align: center;">B-III: 1.5%</td> <td style="text-align: center;">C-III: 2%</td> </tr> </tbody> </table> <p>* CRV - Credit Risk Value</p> <p><b>6. Illustration for Swing Pricing:</b></p> <table border="1" data-bbox="491 1868 1289 1957"> <thead> <tr> <th style="text-align: center;"><b>Potential Risk Class (PRC)</b></th> <th style="text-align: center;"><b>A-III</b></th> <th style="text-align: center;"><b>B-II</b></th> <th style="text-align: center;"><b>B-III</b></th> <th style="text-align: center;"><b>C-I</b></th> <th style="text-align: center;"><b>C-II</b></th> <th style="text-align: center;"><b>C-III</b></th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> |                       |                      |            |             |              |  | <b>Swing factor</b> |  |  |  | <b>Max Credit Risk of scheme→</b> | <b>Class A</b> | <b>Class B</b> | <b>Class C</b> | <b>Max Interest Rate Risk (CRV* &lt;10) the scheme ↓</b> | <b>(CRV* &gt;=12)</b> | <b>(CRV* &gt;=10)</b> | <b>(CRV* &lt;10)</b> | <b>Class I: (Macaulay duration &lt;=1 year)</b> | - | - | C-I: 1.5% | <b>Class II: (Macaulay duration &lt;=3 years)</b> | - | B-II: 1.25% | C-II: 1.75% | <b>Class III: Any Macaulay duration</b> | A-III: 1% | B-III: 1.5% | C-III: 2% | <b>Potential Risk Class (PRC)</b> | <b>A-III</b> | <b>B-II</b> | <b>B-III</b> | <b>C-I</b> | <b>C-II</b> | <b>C-III</b> |  |  |  |  |  |  |  |
| <b>Swing factor</b>  |   |                       |                      |            |             |              |  |                     |  |  |  |                                   |                |                |                |  |                       |                       |                      |   |   |   |           |   |   |             |             |   |           |             |           |                                   |              |             |              |            |             |              |  |  |  |  |  |  |  |
| <b>Max Credit Risk of scheme→</b>  | <b>Class A</b>  | <b>Class B</b>        | <b>Class C</b>       |            |             |              |  |                     |  |  |  |                                   |                |                |                |  |                       |                       |                      |   |   |   |           |   |   |             |             |   |           |             |           |                                   |              |             |              |            |             |              |  |  |  |  |  |  |  |
| <b>Max Interest Rate Risk (CRV* &lt;10) the scheme ↓</b>                           | <b>(CRV* &gt;=12)</b>   | <b>(CRV* &gt;=10)</b> | <b>(CRV* &lt;10)</b> |            |             |              |  |                     |  |  |  |                                   |                |                |                |  |                       |                       |                      |   |   |   |           |   |   |             |             |   |           |             |           |                                   |              |             |              |            |             |              |  |  |  |  |  |  |  |
| <b>Class I: (Macaulay duration &lt;=1 year)</b>                                    | -   | -                     | C-I: 1.5%            |            |             |              |  |                     |  |  |  |                                   |                |                |                |  |                       |                       |                      |   |   |   |           |   |   |             |             |   |           |             |           |                                   |              |             |              |            |             |              |  |  |  |  |  |  |  |
| <b>Class II: (Macaulay duration &lt;=3 years)</b>                                  | -   | B-II: 1.25%           | C-II: 1.75%          |            |             |              |  |                     |  |  |  |                                   |                |                |                |  |                       |                       |                      |   |   |   |           |   |   |             |             |   |           |             |           |                                   |              |             |              |            |             |              |  |  |  |  |  |  |  |
| <b>Class III: Any Macaulay duration</b>  | A-III: 1%   | B-III: 1.5%           | C-III: 2%            |            |             |              |  |                     |  |  |  |                                   |                |                |                |  |                       |                       |                      |   |   |   |           |   |   |             |             |   |           |             |           |                                   |              |             |              |            |             |              |  |  |  |  |  |  |  |
| <b>Potential Risk Class (PRC)</b>  | <b>A-III</b>  | <b>B-II</b>           | <b>B-III</b>         | <b>C-I</b> | <b>C-II</b> | <b>C-III</b> |  |                     |  |  |  |                                   |                |                |                |  |                       |                       |                      |   |   |   |           |   |   |             |             |   |           |             |           |                                   |              |             |              |            |             |              |  |  |  |  |  |  |  |
|  |   |                       |                      |            |             |              |  |                     |  |  |  |                                   |                |                |                |  |                       |                       |                      |   |   |   |           |   |   |             |             |   |           |             |           |                                   |              |             |              |            |             |              |  |  |  |  |  |  |  |

|  |  |  |        |        |        |        |        |    |             |       |       |       |       |       |       |  |      |      |      |      |      |      |                                 |       |       |       |       |       |       |
|--|--|--|--------|--------|--------|--------|--------|----|-------------|-------|-------|-------|-------|-------|-------|--|------|------|------|------|------|------|---------------------------------|-------|-------|-------|-------|-------|-------|
|  | <table border="1"> <tr> <td>Minimum Swing Factor as prescribed by SEBI</td> <td>1%</td> <td>1.25 %</td> <td>1.50 %</td> <td>1.50 %</td> <td>1.75 %</td> <td>2%</td> </tr> <tr> <td>Unswung NAV</td> <td>20.00</td> <td>20.00</td> <td>20.00</td> <td>20.00</td> <td>20.00</td> <td>20.00</td> </tr> <tr> <td>Less- Swing value at minimum rate prescribed by SEBI</td> <td>0.20</td> <td>0.25</td> <td>0.30</td> <td>0.30</td> <td>0.35</td> <td>0.40</td> </tr> <tr> <td>NAV after applying Swing Factor</td> <td>19.80</td> <td>19.75</td> <td>19.70</td> <td>19.70</td> <td>19.65</td> <td>19.60</td> </tr> </table>  | Minimum Swing Factor as prescribed by SEBI | 1%     | 1.25 % | 1.50 % | 1.50 % | 1.75 % | 2% | Unswung NAV | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | Less- Swing value at minimum rate prescribed by SEBI | 0.20 | 0.25 | 0.30 | 0.30 | 0.35 | 0.40 | NAV after applying Swing Factor | 19.80 | 19.75 | 19.70 | 19.70 | 19.65 | 19.60 |
| Minimum Swing Factor as prescribed by SEBI             | 1%   | 1.25 %                                     | 1.50 % | 1.50 % | 1.75 % | 2%     |        |    |             |       |       |       |       |       |       |  |      |      |      |      |      |      |                                 |       |       |       |       |       |       |
| Unswung NAV  | 20.00  | 20.00                                      | 20.00  | 20.00  | 20.00  | 20.00  |        |    |             |       |       |       |       |       |       |  |      |      |      |      |      |      |                                 |       |       |       |       |       |       |
| Less- Swing value at minimum rate prescribed by SEBI   | 0.20   | 0.25                                       | 0.30   | 0.30   | 0.35   | 0.40   |        |    |             |       |       |       |       |       |       |  |      |      |      |      |      |      |                                 |       |       |       |       |       |       |
| NAV after applying Swing Factor                        | 19.80  | 19.75                                      | 19.70  | 19.70  | 19.65  | 19.60  |        |    |             |       |       |       |       |       |       |  |      |      |      |      |      |      |                                 |       |       |       |       |       |       |
|  | <p><b>7. Impact on investors:</b></p> <p>a. When swing pricing framework is triggered and swing factor is made applicable (for normal time or market dislocation, as the case may be), both the incoming and outgoing investors shall get NAV adjusted for swing factor.</p> <p>b. All redemptions above Rs. 2 lakhs and all subscriptions would be processed at the NAV after applying the swing factor on the day Swing pricing is triggered. Redemptions below 2 lakhs would be processed at the unswung NAV i.e. Normal NAV.</p> <p><b>8. Periodic Disclosures:</b></p> <p>Disclosures pertaining to NAV adjusted for swing factor along with performance impact will be disclosed in the prescribed format in the SID, scheme wise Annual Reports and Abridged summary thereof and on the website when swing pricing framework becomes applicable to the schemes.</p>   |  |        |        |        |        |        |    |             |       |       |       |       |       |       |  |      |      |      |      |      |      |                                 |       |       |       |       |       |       |
| <b>Disclosure related to Risk-o-meter</b>              | <p>The Product labeling mandated by SEBI is to provide investors an easy understanding of the risk involved in the kind of product / scheme they are investing to meet their financial goals. The Riskometer categorizes the scheme of Fund under different levels of risk based on the respective scheme's investment objective, asset allocation pattern, investment strategy and typical investment time horizon of investors. Therefore, the scheme falling under the same level of risk in the Riskometer may not be similar in nature. Investors are advised before investing to evaluate a scheme not only on the basis of the Product labeling (including the Riskometer) but also on other quantitative and qualitative factors such as performance, portfolio, fund managers, asset manager, etc. and shall also consult their financial advisers, if they are unsure about the suitability of the scheme before investing. Further, pursuant to para 17.4 of SEBI Master Circular on Mutual Funds dated May 19, 2023, Risk-o-meters shall be evaluated on a monthly basis and Mutual Funds/AMCs shall disclose the Risk-o-meters along with portfolio disclosure for their schemes on AMCs website and on AMFI website within 10 days from the close of each month. Mutual Funds shall also disclose the risk level of schemes as on March 31 of every year, along with number of times the risk level has changed over the year, on AMCs website and AMFI website.</p> |  |        |        |        |        |        |    |             |       |       |       |       |       |       |  |      |      |      |      |      |      |                                 |       |       |       |       |       |       |
| <b>Disclosure of Potential Risk Class (PRC) Matrix</b> | <p>Pursuant to the provisions of para 17.5 of SEBI Master Circular on Mutual Funds dated May 19, 2023, all debt schemes are required to be classified in terms of a Potential Risk Class matrix consisting of parameters based on maximum interest rate risk (measured by Macaulay Duration (MD) of the</p>  |  |        |        |        |        |        |    |             |       |       |       |       |       |       |  |      |      |      |      |      |      |                                 |       |       |       |       |       |       |

|  |  |
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|  | <p>scheme) and maximum credit risk (measured by Credit Risk Value (CRV) of the scheme). Mutual Funds are required to disclose the PRC matrix (i.e. maximum risk that a fund manager can take in a Scheme) along with the mark for the cell in which the Scheme resides on the front page of initial offering application form, SID, KIM, common application form and scheme advertisements in the manner as prescribed in the said circular. The scheme would have the flexibility to take interest rate risk and credit risk below the maximum risk as stated in the PRC matrix. Subsequently, once a PRC cell selection is done by the Scheme, any change in the positioning of the Scheme into a cell resulting in a risk (in terms of credit risk or duration risk) which is higher than the maximum risk specified for the chosen PRC cell, shall be considered as a fundamental attribute change of the Scheme in terms of Regulation 18(15A) of SEBI (Mutual Fund) Regulations, 1996.</p> <p>The Mutual Funds shall be required to inform the unitholders about the PRC classification and subsequent changes, if any, through SMS and by providing a link on their website referring to the said change.</p> <p>The Mutual Fund/ AMC shall also publish the PRC Matrix in the scheme wise Annual Reports and Abridged summary.</p> |
|--|--|

## II. OTHER DETAILS

### A. PERIODIC DISCLOSURES SUCH AS HALF YEARLY DISCLOSURES, HALF YEARLY RESULTS, ANNUAL REPORT

**Portfolio Disclosures** In terms of SEBI Regulation, Mutual Funds/ AMCs will disclose portfolio (along with ISIN) as on the last day of the month / half-year for all Schemes on its website [www.mutualfund.adityabirlacapital.com](http://www.mutualfund.adityabirlacapital.com) and on the website of AMFI ([www.amfiindia.com](http://www.amfiindia.com)) within 10 days from the close of each month/ half-year respectively in a user-friendly and downloadable spreadsheet format. The Mutual Fund/AMCs will send to Unitholders a complete statement of the scheme portfolio, within ten days from the close of each month / half-year whose email addresses are registered with the Mutual Fund. Further, the Mutual Fund / AMC shall publish an advertisement disclosing the hosting of such half yearly scheme portfolio on its website [www.mutualfund.adityabirlacapital.com](http://www.mutualfund.adityabirlacapital.com) and on the website of AMFI ([www.amfiindia.com](http://www.amfiindia.com)). Mutual Funds/ AMCs will also provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder.

<https://mutualfund.adityabirlacapital.com/forms-and-downloads/portfolio>

**Half yearly results** : Mutual Fund / AMC shall within one month from the close of each half year, (i.e. 31<sup>st</sup> March and on 30<sup>th</sup> September), host a soft copy of its unaudited financial results on its website ([www.mutualfund.adityabirlacapital.com](http://www.mutualfund.adityabirlacapital.com)). Further, the Mutual Fund / AMC will publish an advertisement disclosing the hosting of such unaudited half yearly financial results on their website.

<https://mutualfund.adityabirlacapital.com/financials>

**Annual report** : The scheme wise annual report or an abridged summary thereof shall be provided to all Unitholders not later than four months from the date of closure of the relevant accounting year whose email addresses are registered with the Mutual Fund. The physical copies of Scheme wise Annual report will also be made available to the unitholders, at the registered offices at all times. The scheme wise annual report will also be hosted on the website

<https://mutualfund.adityabirlacapital.com/financials>

**Scheme  
Summary  
Document**

The AMC is required to prepare a Scheme Summary Document for all schemes of the Fund. The Scheme Summary document is a standalone scheme document that contains all the applicable details of the scheme.

The document is updated by the AMCs on a monthly basis or on changes in any of the specified fields, whichever is earlier. The document is available on the websites of AMC, AMFI and Stock Exchanges in 3 data formats, namely: PDF, Spreadsheet and a machine readable format (either JSON or XML).

<https://mutualfund.adityabirlacapital.com/forms-and-downloads/disclosures>

**Risk-o-  
meter**

Risk-o-meters shall be evaluated on a monthly basis and Mutual Funds/AMCs shall disclose the Risk-o-meters along with portfolio disclosure for their schemes on AMCs website and on AMFI website within 10 days from the close of each month. Mutual Funds shall also disclose the risk level of schemes as on March 31 of every year, along with number of times the risk level has changed over the year, on AMCs website and AMFI website.

<https://mutualfund.adityabirlacapital.com/forms-and-downloads/scheme-risk-o-meter>

**B. TRANSPARENCY/NAV DISCLOSURE**

The NAV will be calculated and disclosed for every Business Day. NAV of the scheme will be calculated up to four decimal places. AMC shall update the NAV on the AMFI website ([www.amfiindia.com](http://www.amfiindia.com)) and on the website of the Mutual Fund ([www.mutualfund.adityabirlacapital.com](http://www.mutualfund.adityabirlacapital.com)) by 11.00 pm on all business day.

In case of any delay, the reasons for such delay would be explained to AMFI in writing. If the NAVs are not available before commencement of business hours on the following day due to any reason, Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.

In case NAV of Corporate Debt Market Development Fund ('CDMDF') units is not available by 9:30 p.m. of same Business Day, NAV declaration timing for Mutual Fund Schemes holding units of CDMDF shall be 10 a.m. on next business day instead of 11 p.m. on same Business Day.

Further, the Mutual Fund / AMC will extend facility of sending latest available NAVs of the Scheme to the Unit holders through SMS upon receiving a specific request in this regard. Also, information regarding NAVs can be obtained by the Unit holders / Investors by calling or visiting the nearest ISC.

**C. Transaction charges and stamp duty-**

No transaction charge shall be deducted from the subscription amount for transactions /applications received through the distributors.

Pursuant to Notification No. S.O. 1226(E) and G.S.R. 226(E) dated March 30, 2020 issued by the Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, a stamp duty @ 0.005% of the transaction value would be levied on allotment of Mutual Fund units including units allotted in demat mode. Accordingly, pursuant to levy of stamp duty, the number of units allotted on subscriptions (including reinvestment of IDCW) to the unitholders would be reduced to that extent.

**D. Associate Transactions-** Please refer to Statement of Additional Information (SAI)

**E. Taxation-** For details on taxation please refer to the clause on Taxation in the SAI apart from

the following:

| <b>Tax</b>  | <b>Resident Investors</b>  | <b>Mutual Fund</b> |
|---|--|--------------------|
| Tax on IDCW*  | 10% <sup>@</sup> /20% <sup>@@</sup><br>(Note 1)                  | Nil (Note 1)       |
| Capital Gains*<br>(short-term<br>irrespective of<br>holding period) | Taxable at normal rates of<br>tax applicable to the<br>assessee. | Nil                |
| *plus applicable surcharge and education cess                       |  |                    |

**Note:**

1. IDCW distribution tax is abolished w.e.f. 1<sup>st</sup> April 2020. Accordingly, IDCW will be taxed in the hands of investor. Section 194K is introduced in order to deduct tax on IDCW.  
<sup>@</sup>Tax is not deductible if cumulative IDCW income in respect of units of a mutual fund is below Rs. 5000/- in a financial year  
<sup>@@</sup> If PAN is not provided/ invalid, the base tax is further increased by surcharge at the following rates:
  - a. 15% where total income exceeds Rs. 1 Cr but does not exceed Rs. 2 Crs
  - b. 10% where total income exceeds Rs. 50 lakhs but does not exceed Rs. 1 Crs
2. Finance Act, 2020 has capped maximum surcharge at 15% w.r.t. WHT on IDCW paid to non-resident non-corporate investors (namely individual, HUF, AOP, BOI, artificial judicial person etc.)

\$The Health and Education Cess to be applicable at 4% on aggregate of base tax and surcharge.

**F. Rights of Unitholders-** Please refer to SAI for details.

**G. List of official points of acceptance:** AMC has appointed Computer Age Management Services Limited (CAMS) located at Rayala Towers, 158, Anna Salai, Chennai – 600 002 to act as Registrar and Transfer Agents (“The Registrar”) to the Schemes. The Registrar is registered with SEBI under registration number INR 000002813. **For further details on our Fund, please contact our customer service centres. For details on Branch offices of Aditya Birla Sun Life Mutual Fund and CAMS Centre, please visit:** <https://mutualfund.adityabirlacapital.com/forms-and-downloads/disclosures>

**H. 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**

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 five financial 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 five financial years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to shareholders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last five financial years shall also be disclosed.  
NIL
3. Details of all enforcement actions taken by SEBI in the last five financial 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.

There are cases pending before the Consumer Redressal Commissions, Civil Courts and High Courts. The contingent liability aggregates to Rs. 82.22 lakhs approximately.

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

Besides the above, there is no other disclosure.

**Note:**

- (a) Further, any amendments / replacement / re-enactment of SEBI Regulations subsequent to the date of the Scheme Information Document shall prevail over those specified in this Document.
- (b) This Scheme Information Document is an updated version and in line with the current laws / regulations.
- (c) **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.**

For and on behalf of the Board of Directors of  
Aditya Birla Sun Life AMC Limited

Sd/-

PLACE: MUMBAI

Parth Makwana

DATE: June 30, 2024

Compliance Officer