

INDIABULLS MUTUAL FUND (IBMF)

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CIN: U65991DL2008PLC176627

Notice cum Addendum No. 24/ 2018

NOTICE CUM ADDENDUM TO THE SCHEME INFORMATION DOCUMENT (SID) AND KEY INFORMATION MEMORANDUM (KIM) OF INDIABULLS ULTRA SHORT TERM FUND

CHANGE IN FUNDAMENTAL ATTRIBUTES

This is to inform that Securities & Exchange Board of India (SEBI) has mandated all Mutual Funds to Categorize and Rationalize their schemes based on the directions provided vide SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 6, 2017 and SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2017/126 dated December 04, 2017. SEBI has initiated these steps in order to bring uniformity in the practice, across Mutual Funds and to standardize the scheme categories and characteristics of each category. This would ensure that an investor of Mutual Funds is able to evaluate the different options available, before taking an informed decision to invest in a scheme. In this respect, following notice is given.

NOTICE is hereby given to the Unit holders of Indiabulls **Ultra Short Term Fund (“IBUSTF”)**, an Open-ended Debt Scheme, that the Board of Directors of Indiabulls Asset Management Company Limited (“**the AMC**”) and the Board of Directors of Indiabulls Trustee Company Limited (“**the Trustee Company**”), have approved the following changes which include changes to the fundamental attributes of IBUSTF with effect from **February 25, 2018 (“Effective Date”)**. Further, it may be noted that SEBI has vide letter no. IMD/DF3/OW/P/2018/195/1 dated January 3, 2018 granted its no-objection for the following changes.

Type of Scheme ^	Existing Scheme Type	Proposed Scheme Type
	An Open-ended Debt Scheme	An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months [#]
*Please refer to the scheme information document (SID) in which the concept of Macaulay’s duration has been explained.		
Asset Allocation of the Scheme ^	Instruments	Existing Indicative allocation
	Money market and Debt instruments (including floating rate debt instruments, securitized debt*)	65-100% (maturity not greater than 1 year)
	Debt instruments (including floating rate debt instruments, securitized debt*)	0-35% (maturity not greater than 1 year)
	Instruments	New Indicative allocation #
	Money market Instruments	50-100%
	Debt instruments (including floating rate debt instruments, securitized debt*)	0-50%
* Securitized debt cumulative allocation not to exceed 25% of the net assets of the Scheme (No investment in foreign securitized debt). Investment in Debt Derivatives - upto 50% of the net assets of the Scheme. # Macaulay duration of the portfolio shall be between 3 months - 6 months		
Scheme Investment Objective	Existing Investment Objective	New Investment Objective
	To provide liquidity with returns commensurate with low risk through a portfolio of money market and debt securities.	To provide liquidity with returns commensurate with low risk through a portfolio of money market and debt securities such that the Macaulay duration of the portfolio is between 3 months - 6 months.
Scheme Investment Objective	Existing Investment Strategy	New Investment Strategy
	The Fund shall be managed according to the Investment Objective - to generate returns commensurate with the low risk of the portfolio. This scheme is positioned to meet the needs of those investors who want to deploy their funds for a short period of time with the low risk. The returns would match the levels of risk taken in the portfolio. The composition of the Indian Debt market (both the primary and secondary) is dominated by money market instruments in the short end of the yield curve and by medium and long term bonds and debentures in the long end of the curve. Since the objective of the scheme is to generate returns with the low commensurate risk, the scheme would predominantly invest in money market and debt instruments with maturity less than 1 year. As the turnover of the portfolio would be high, given the fact the investors in a ultra short term fund would deploy their funds for a short period of time, the portfolio would be structured to incorporate high liquidity by the use of cash and cash equivalents. The yield curve in the short end (overnight to 3 months) of the curve tends to remain flat with the least amount of volatility. In such a scenario, the fund manager would make attempts to invest the scheme proceeds uniformly across all the maturity buckets. The investment team would carry out rigorous in depth credit evaluation of the money market and debt instruments the scheme proposes to invest in. The credit evaluation will essentially be a bottom up approach and include a study of the operating environment of the issuer, the past track record as well as the future prospects of the issuer and the short term / long term financial health of the issuer.	The Fund shall be managed according to the Investment Objective - to generate returns commensurate with the low risk of the portfolio. This scheme is positioned to meet the needs of those investors who want to deploy their funds for a short period of time with the low risk. The returns would match the levels of risk taken in the portfolio. The composition of the Indian Debt market (both the primary and secondary) is dominated by money market instruments in the short end of the yield curve and by medium and long term bonds and debentures in the long end of the curve. Since the objective of the scheme is to generate returns with the low commensurate risk, the scheme would predominantly invest in money market and debt instruments such that the Macaulay duration of the portfolio is between 3 months – 6 months. As the turnover of the portfolio would be high, given the fact the investors in ultra-short term fund would deploy their funds for a short period of time, the portfolio would be structured to incorporate high liquidity by the use of cash and cash equivalents. The yield curve in the short end (overnight to 3 months) of the curve tends to remain flat with the least amount of volatility. In such a scenario, the fund manager would make attempts to invest the scheme proceeds uniformly across all the maturity buckets. The investment team would carry out rigorous in depth credit evaluation of the money market and debt instruments the scheme proposes to invest in. The credit evaluation will essentially be a bottom up approach and include a study of the operating environment of the issuer, the past track record as well as the future prospects of the issuer and the short term / long term financial health of the issuer.

^ All other terms and conditions under these sections in the existing SID of IBUSTF which are not mentioned herein will remain unchanged.

The proposed change includes the change in the asset allocation pattern of the Scheme, Scheme Investment Objective and Scheme Investment Strategy which is in the nature of change in the fundamental attributes of the Scheme as referred to in Regulation 18 (15A) of the SEBI (Mutual Funds) Regulations, 1996. As per aforementioned circular, the change in ‘Type of Scheme’ would not be considered as a change in fundamental attribute.

Regulation 18 (15A) of the SEBI (Mutual Funds) Regulations, 1996 states that the Trustees shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affect the interest of unitholders be carried out unless a written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nationwide circulation and 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 (NAV) without any exit load.

Accordingly, Unit holders of IBUSTF are requested to take note of the aforesaid proposed changes, and are hereby given an option to exit the investments made by them in IBUSTF at the prevailing NAV without exit load, as per the process stated herein below, if they do not wish to stay invested in IBUSTF pursuant to the above proposed changes.

The exit option will be available to all the Unit holders of the IBUSTF** as per the records of the Registrar as at the close of business hours on January 24, 2018. **The option to exit without exit load (“Exit Option”) can be exercised from January 25, 2018 to February 24, 2018 (up to 3 p.m.) (both days inclusive) (“Exit Option Period”).** All redemption requests received after 3 p.m. on February 24, 2018, will be subject to load as per the provisions of the SID of IBUSTF. The provisions in relation to prevailing NAV and cut-off timings for redemptions in the SID of IBUSTF would be applicable to redemption requests received during the Exit Option Period. The redemption proceeds shall be dispatched to the Unit holders within 10 working days from the date of redemption.

The offer to exit is merely an option and is not mandatory. If you have no objection to the proposed change in the fundamental attributes of IBUSTF as stated above, no action needs to be taken by you.

Please note that Unit holders who do not opt for redemption on or before February 24, 2018 (up to 3 p.m.) shall be deemed to have consented to the aforesaid changes and shall continue to hold units in IBUSTF. In case the Unit holders disagree with the aforesaid changes, they may redeem the units in IBUSTF by exercising the Exit Option within the Exit Option Period.

****It may be noted that the Exit Option is not available** to investors whose units have been **pledged**, and Indiabulls Mutual Fund has been instructed to mark a lien on such units unless the release of the pledge/lien is obtained and appropriately communicated to the AMC/Registrar/Indiabulls Mutual Fund prior to submission of redemption requests.

The existing unit holders of IBUSTF are requested to note the following terms with regards to the aforesaid proposed changes:

- Investors who want to continue holding units in IBUSTF:** No action needs to be taken in this regard.
- Investors who wish to exit/redeem their investments from IBUSTF:** To redeem, Unit holders may submit the Transaction Form [along with other requisite details as may be specified in the SID/Statement of Additional Information (SAI)] on any business day during the Exit Option Period to any of the Official Points of Acceptance of Indiabulls Mutual Fund. The forms are available on our website www.indiabullsamc.com and also at any of the Official Points of Acceptance of Indiabulls Mutual Fund. For the procedure for change /update of bank details and change of address please refer to SID and SAI. **Unitholders who hold units of IBUSTF in dematerialised form and wish to exit can submit the redemption request with his / her / its Depository Participant during the Exit Option Period.**
- Unitholders who have pledged or encumbered their units under a lien:** Unitholders will not have the option to exit unless they procure an effective release of their lien/pledge/encumbrances prior to the submission of redemption/switch-out requests. Further, those unitholders who do not opt to exit during the exit option period may note that the lien/pledge/encumbrance will continue on IBUSTF on the same terms.
- Special products features / facilities:** Systematic Transfer Plan (STP) / Systematic Withdrawal Plan (SWP) etc. registered under IBUSTF will remain applicable and continue as per the terms therein. However, if you intend to change /discontinue any of the above facilities kindly submit the request in the manner prescribed in the SID/SAI to the nearest Official Points of Acceptance of Indiabulls Mutual Fund prior to the Effective Date.

Unit holders are requested to ensure that any change in address or bank mandate is updated in Indiabulls Mutual Fund’s records before exercising the Exit Option (Unit holders holding units in dematerialized form may approach their Depository Participant for such changes).

It may be further noted that all redemptions would be subject to the applicable tax laws. **In view of the individual nature of tax consequences, Unit holders are advised to consult their professional tax advisors in the above regard.**

A separate communication in this regard would be sent to the registered address of the Unit holders of IBUSTF as on January 24, 2018. In case, the communication is not received, the Unit holders of IBUSTF can contact the Investor Service Centers of the AMC/Registrar/Indiabulls Mutual Fund as per details provided on the website www.Indiabullsamc.com.

In case you need any further clarifications, please contact our Customer Service Centers/ Investor Service Centers. It may be noted that necessary/ incidental changes in this regard shall be made in the SID and KIM of IBUSTF.

The SID and KIM of IBUSTF will stand suitably modified to the extent mentioned above from the Effective Date. This addendum forms an integral part of the SID and KIM of IBUSTF. All other terms and conditions as mentioned in the SID and KIM of IBUSTF shall remain unchanged.

**For Indiabulls Asset Management Company Limited
(Investment Manager for Indiabulls Mutual Fund)**

Sd/-

Uday Diwale

Compliance Officer

Place : Mumbai

Date : January 22, 2018

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.