

Notice cum Addendum No. 03/2019

NOTICE CUM ADDENDUM TO THE SCHEME INFORMATION DOCUMENT (SID) AND KEY INFORMATION MEMORANDUM (KIM) OF INDIABULLS VALUE DISCOVERY FUND CHANGE IN FUNDAMENTAL ATTRIBUTES

NOTICE is hereby given to the Unit holders of **Indiabulls Value Discovery Fund (IBVDF)**, an open ended equity scheme following a value investment strategy, 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 IBVDF with effect from **May 30, 2019 ("Effective Date")**. Further, it may be noted that SEBI has vide letter no. IMD/DF3/OW/P/2019/06572/1 dated **March 13, 2019** granted its no-objection for the following changes.

Scheme Name	Existing Scheme Name	New Scheme Name
	Indiabulls Value Discovery Fund	Indiabulls Value Fund
Scheme Investment Objective ^	Existing Investment Objective	New Investment Objective
	The primary objective of the Scheme is to seek to generate capital appreciation by investing in a portfolio of Equity and Equity related securities of companies that meet the relative value criteria and fall within top 500 by market cap. A company is considered as showing high relative value if it has a combination of higher RoCE and higher earnings yield.	To generate returns through a combination of dividend income and capital appreciation by investing primarily in a well-diversified portfolio of value stocks.
Scheme Equity Investment Strategy ^	Existing Equity Investment Strategy	New Equity Investment Strategy
	The Scheme aims to provide long term capital growth by investing in a well-diversified portfolio of equity and equity related securities. The Scheme will endeavor to invest in companies that offer high relative value vis – a vis other companies and fall within top 500 by market capitalization. The Scheme will invest across market capitalization and without any sector bias. A company is considered as showing high relative value if it has a combination of higher Return on Capital Employed (RoCE) and higher Earnings Yield. Top 500 stocks by market capitalization would be ranked individually on both these criterion separately. Both these criterion would be assigned certain weights based on the prevailing market conditions and valuations. These individual ranks would then be multiplied with respective weights and added to arrive at a final rank score for each stock. These stocks would then be screened on the basis of strength & quality of the business & balance sheet using Piotroski score, apart from certain other criteria like corporate governance standards and liquidity, to arrive at a final list of eligible securities. Stock with highest rank scores would then be included in the portfolio. Maximum number of stocks in the portfolio would not exceed 40. Portfolio would ideally be reviewed on a quarterly basis or on happening of certain events like poor corporate governance practice by a company, liquidity profile changing or valuations getting stretched for individual stock or for market as a whole.	The Scheme is an open-ended Scheme that aims to provide long term capital growth by investing primarily in a well-diversified portfolio of companies that are selected based on the criteria of Value Investing. Value investing is an investment strategy where stocks are selected that trade for less than their intrinsic values. The Scheme proposes to carefully accumulate a portfolio of stocks, which are available at a discount to its intrinsic value. The process would be through identification of such stocks, which have attractive valuations in relation to earnings or book value or current and/or future dividends and are available at a price, which can be termed as a bargain. This may constitute stocks, which have depreciated for a short period due to some exceptional circumstance or due to market correction phase or due to lack of interest in investing in a sector, which has significantly underperformed the market. Such stocks are considered to have intrinsic value because of their business models and show potential for smart growth in the future. Intrinsic value of a stock is determined through analyzing the financial statements of the companies and parameters such as EPS (Earnings per Share), the Book Value per share, understanding the competition landscape and business structure of these companies. The universe of stocks for this Scheme will be defined as those stocks whose prices are low relative to their fundamentals, their historic performance, their book values, their earnings and cash flow potential and current and/or future dividends. For investment, AMC would use industry specific valuation measures to evaluate companies in every sector in order to select the most attractive companies for the portfolio. The Scheme may also invest a part of its corpus in overseas markets in Global Depository Receipts (GDRs), ADRs, overseas equity, bonds and mutual funds and such other instruments as may be allowed under the Regulations from time to time. The Scheme may engage in Stock Lending activities. The Scheme may invest in derivatives such as Futures & Options and such other derivative instruments like Stock/ Index Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced and permitted by SEBI from time to time. The Scheme may invest in derivative for the purpose of hedging, portfolio balancing and other purposes as may be permitted under the Regulations. Hedging using Interest Rate Futures could be perfect or imperfect, subject to applicable regulations.

Also, kindly note the other changes in non-fundamental attributes of the scheme:

Scheme Attributes	Proposed changes				
Scheme specific risk factors ^	Inserted the concept of short selling and Risks factors associated with Short-selling of Securities				
Equity Derivative Strategies ^	Deleted the below content from Equity derivative strategy: Options may be sold to augment income through the premium paid by the buyer*; - Sell puts on a stock with strike prices at levels the fund seeks to buy the stock; - Sell calls on stocks in the portfolio of the Scheme at strike prices that are at levels viewed as a selling opportunity by the Investment Manager *Under extant SEBI Guidelines a Mutual Fund cannot write options. If and when SEBI permits writing options, Investment Manager shall utilize the same to enhance investor interest.				
Writing Option ^	Deleted point c) & d) of writing options a) Writing a Call Option*: The fund writes a call option at ₹ 1,050 and earns a premium of, say, ₹ 10. If the price is higher than ₹ 1,050, say ₹ 1,100/- at expiry then the option is exercised, the Fund earns the premium of ₹ 10/- but loses the difference between the market price and the exercise price i.e. ₹ 50/-. In case the stock price is less than ₹1,050, the fund gets to keep the premium of ₹10/-. b) Writing a Put Option*: The fund writes a put option with the strike price of ₹1,000 and earns a premium of say ₹ 20. In case the stock trades at ₹950 the put option will be exercised, the fund will earn the premium of ₹ 20/- but losses the difference between the exercise price and the market price which is ₹ 50/-. Where the stock trades at above the exercise price, the option-holder will not exercise the option and let it expire. In this case the fund will earn the premium income of ₹ 20. *Under extant SEBI Guidelines a Mutual Fund cannot write options. If and when SEBI permits writing options, Investment Manager shall utilize the same to enhance investor interest.				
Investment restriction ^	Deleted second proviso of Point no 5) Provided further that investment within such limit can be made in mortgaged backed securitised debts which are rated not below investment grade by a credit rating agency registered with the Board.				
Annual Scheme recurring expense ^	<table border="1"> <thead> <tr> <th>Existing:</th> <th>Proposed:</th> </tr> </thead> <tbody> <tr> <td>Additional expenses under regulation 52 (6A) (c)- Upto 0.20%</td> <td>Additional expenses under regulation 52 (6A) (c) - Upto 0.05%</td> </tr> </tbody> </table>	Existing:	Proposed:	Additional expenses under regulation 52 (6A) (c)- Upto 0.20%	Additional expenses under regulation 52 (6A) (c) - Upto 0.05%
Existing:	Proposed:				
Additional expenses under regulation 52 (6A) (c)- Upto 0.20%	Additional expenses under regulation 52 (6A) (c) - Upto 0.05%				

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

The proposed change includes the change in the Investment Objective and Equity Investment Strategy of the Scheme, 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.

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

The exit option will be available to all the Unit holders of the IBVDF ** as per the records of the Registrar as at the close of business hours on **April 29, 2019. The option to exit without exit load ("Exit Option") can be exercised from April 30, 2019 to May 29, 2019 (up to 3 p.m.) (both days inclusive) ("Exit Option Period")**. All redemption requests received after 3 p.m. on **May 29, 2019**, will be subject to load as per the provisions of the SID of IBVDF. The provisions in relation to prevailing NAV and cut-off timings for redemptions in the SID of IBVDF 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 IBVDF 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 May 29, 2019 (up to 3 p.m.) shall be deemed to have consented to the aforesaid changes and shall continue to hold units in IBVDF. In case the Unit holders disagree with the aforesaid changes, they may redeem the units in IBVDF 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 IBVDF are requested to note the following terms with regards to the aforesaid proposed changes :

- Investors who want to continue holding units in IBVDF:** No action needs to be taken in this regard.
- Investors who wish to exit/redeem their investments from IBVDF:** 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 IBVDF 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 IBVDF on the same terms.
- Special products features / facilities:** Systematic Transfer Plan (STP) / Systematic Withdrawal Plan (SWP) etc. registered under IBVDF 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 IBVDF as on **April 29, 2019**. In case, the communication is not received, the Unit holders of IBVDF 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 IBVDF.

The SID and KIM of IBVDF will stand suitably modified to the extent mentioned above from the Effective Date. All other terms and conditions as mentioned in the SID and KIM of IBVDF shall remain unchanged.

As per the Go Green Initiative, investors are encouraged to register/update their email id and mobile number with us to support paper less communications.

For Indiabulls Asset Management Co. Ltd.
(Investment Manager to Indiabulls Mutual Fund)

Sd/-
Uday Diwale Place : Mumbai
Compliance Officer Date : April 24, 2019

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