

INDIABULLS MUTUAL FUND

Investment Manager: Indiabulls Asset Management Co. Ltd (AMC)

Registered Office: M - 62 & 63, 1st Floor, Connaught Place, New Delhi -110 001.

Website: www.indiabullsmf.com

Notice cum Addendum No. 13/2013

Notice cum Addendum to the Statement of Additional Information (SAI) regarding Amendment in the Valuation Policy for Implementation of Security Level Valuation for Debt Securities with Maturity Greater Than 60 Days

Notice is hereby given to all Investors of IBMF that pursuant to the AMFI Best Practice Guidelines on Implementation of Security Level Valuation for debt securities with maturity greater than 60 days across mutual fund industry, the board of directors of the AMC in its meeting held on December 18, 2013 at Mumbai amended the AMC Valuation Policy as per below:

B. Fixed Income and related securities

Asset Category	Valuation Policy w.e.f. December 31, 2013	
Debt Securities having maturity above 60 days	Security Level pricing provided by the Agency/Agencies appointed by the AMC. <u>In cases, where security level pricing is not available from the agencies.</u>	
	<u>Valuation Methodology</u>	
	In case of T+0 trade, where the Agency/Agencies do not provide the prices on trade date	
	Money Market Instruments (CP/CD/ZCB)	Price arrived with linear amortization (Purchase Price + One day Amort. Income)
	Coupon bearing securities(Bond)	Purchase Price
	In case of T+N trade, where the Agency/Agencies do not provide the prices on trade date	
	Money Market Instruments (CP/CD/ZCB)	Purchase Price till settlement date
		E.g. New security bought on Friday with settlement date Monday. Friday to Sunday Valuation @ Purchase Price
		Monday Valuation @ SLP
		Purchase Price till settlement date
Coupon bearing securities(Bond)	E.g. New security bought on Friday with settlement date Monday. Friday to Sunday Valuation @ Purchase Price	

		Monday Valuation @ SLP
Debt Securities having maturity below or equal to 60 days.	The amortized price based on cost or last valuation price may be used for valuation as long as it is within $\pm 0.10\%$ of the reference price. Benchmark yields for calculating reference price to be provided by CRISIL/ICRA. At the time of first purchase the spread between the purchase yield and the benchmark yield should be fixed. However, in case of securities bought before 01 st July 2012, the spread between benchmark yield as on 01 st July 2012 and yield based on amortized price of the security as on 01 st July 2012 shall be fixed. In case the variance exceeds $\pm 0.10\%$, the valuation shall be adjusted to bring it within the $\pm 0.10\%$ band.	
Inter-scheme Transfers	At weighted average YTM. If same security on a public platform is not available at the time of inter-scheme, then the previous day's valuation price will be used. Note: Outlier trades, if any, should be ignored after suitable justification by Fund Managers.	

Pursuant to the above, the valuation policy provided under Annexure-I for Fixed income and related securities under 'Section IV: Investment Valuation Norms for Securities & Other Assets' of the SAI stands modified to the above extent.

Notes:

1. Public Platform refers to:
 - a) F-Trac: For corporate bonds / debentures, commercial papers, certificate of deposits and securitized debts
 - b) NDS-OM: For Treasury bills (≤ 60 days of residual maturity)
2. Government Securities and Treasury bills (> 60 days of residual maturity) will be valued at prices provided by Crisil or any other agency.
3. Following assets will be valued at cost plus accruals / amortization:
 - a) Bank Fixed Deposits
 - b) CBLO / Reverse Repo
4. Units / shares of mutual funds will be valued at the last published NAV.
5. Weighted average YTM shall be rounded up to four digits after decimal point.

Note: All other terms and conditions of the SAI of IBMF shall remain unchanged.

Please feel free to contact your nearest Indiabulls AMC office for any further clarifications.

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

Sd/-

Prabhat Bhardwaj

Head - Compliance & Risk Management

Date: December 27, 2013

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