

ADDENDUM

THIS ADDENDUM DATED NOVEMBER 12, 2010 SETS OUT THE CHANGES TO BE MADE IN THE STATEMENT OF ADDITIONAL INFORMATION ("SAI") OF JM FINANCIAL MUTUAL FUND.

Notice is hereby given that with effect from November 15, 2010, JM Financial Asset Management Private Limited ("the AMC") / JM Financial Mutual Fund ("the Mutual Fund") will not accept applications for mutual fund subscriptions with Third Party Payments. Consequently the following para shall be inserted in the SAI under the heading "How to Apply?".

I RESTRICTION ON ACCEPTANCE OF THIRD PARTY PAYMENTS

Any application accompanied with third party payment for subscription to units of Scheme(s) is liable for rejection without any recourse to the applicant or investor.

It is clarified that Third Party Payment would mean a payment is from a bank account other than that of the beneficiary investor. In case of payments received from a bank account which is jointly held, the first holder of the mutual fund subscription has to be one of the joint holders of the bank account, from which such payment is made.

Exceptions to Third Party Payments

Subject to the submission of requisite documentation and declarations, the following third party payments will be accepted by the AMC / Mutual Fund.

- Payment by Parents / Grand-Parents / Related persons on behalf of a minor (other than registered guardian) for a value not exceeding Rs. 50,000 (each purchase or each SIP installment) in consideration of natural love and affection or as gift.
- Payment by an Employer on behalf of Employee under Systematic Investment Plans through Payroll deductions.
- Custodian on behalf of an Filer or a Client.

Investments made through the exceptional cases mentioned above, are required to comply with the following.

- a) Mandatory KYC Acknowledgement Letter of the Investor as well as of the person making the payment i.e. the third party should accompany the application form.
- b) Declaration from the Investor and the person making the payment i.e. the third party, giving the details of the bank account from which the payment is made and the relationship with the beneficiary.

Important Note: The declarations mentioned above should accompany each purchase application.

In order to enable verification of the source of funds the investors are required to ensure the following requirements while subscribing to the units of the Schemes of the Mutual Fund:

- a) At the time of his / her / their purchase, investors to provide the details of his / her / their pay-in bank account (i.e. account from which a subscription payment is made) and his / her / their pay-out bank account (i.e. account into which redemption / dividend proceeds are to be paid).
- b) In case, name of the bank through which the investor to register the investment in accordance with the S&P procedure set out in para II below.
- c) The investor to submit any one of the following documents to establish that the payment is made from the bank account of the first unit holder:
 - i. Cancelled cheque leaf depicting name of the first unit holder or
 - ii. In case, name of the first holder / applicants is not printed on payment cheque, a cancelled cheque and copy of Bank Pass Book / Bank Statement or
 - iii. A Certificate, in original, on letter head from the banker certifying that the investor maintains a bank account with the bank and mentioning the details like bank account number and branch address.
- d) If the subscription is settled with pre-funded instruments such as Pay Order, Demand Draft, Banker's cheque, etc., investors to provide a Certificate from the Issuing banker stating the Account holder's name and the Account number which has been debited for issue of the pre-funded instrument. The bank account number mentioned in the certificate must be the account which is registered with the Fund or the first named applicant / investor should be one of the holders of the said bank account.

Note: A pre-funded instrument issued by the Bank against Cash shall not be accepted by the AMC / Mutual Fund for investments of Rs. 50,000/- or more. This also should be accompanied by a certificate from the banker giving name, address and PAN (if available) of the person who has requested for the demand draft.

- e) If payment is made by RTGS, NEFT, ECS, bank transfer, etc., investors should submit a copy of the instruction to the bank stating the account number debited along with the purchase application. An investor must attach a Certificate, in original, on letter head from the banker certifying account holder's name and account number which has been debited for issue of the instruments. The bank account number mentioned in the certificate must be the account which is registered with the Fund or the first named applicant / investor should be one of the holders of the said bank account.
- f) In case, the payment is made by online transfer of funds, the copy of transfer confirmation, showing the details of date of payment, debit and credit accounts and amount of transfer, is attached.

In case, the details and additional documents, where necessary, as mentioned above are not submitted with each subscription application, the application will be deemed to be through a "Third Party" payment and is liable to be rejected without any recourse to the applicant / investor. In case, the funds are transferred to the mutual fund prior to rejection of the subscription, additional documents / details with respect to the investor and the payment may be sought prior to initiating a refund.

SAFE MODE OF WRITING CHEQUE:

To avoid fraud and misuse of payment instruments, investors are advised to make the payment instrument (cheque, demand draft, pay order, etc) favouring

"XYZ Scheme A/c First Investor Name" or

"XYZ Scheme A/c Folio Account Number" or

"XYZ Scheme A/c Folio number".

II REGISTRATION OF MULTIPLE BANK ACCOUNTS

To mitigate the risk related to simultaneous register "Multiple Bank Accounts". Individuals and HUFs can register up to five (5) bank accounts and non individuals can register up to ten (10) bank accounts in a folio and is applicable for all schemes in that folio.

Please contact the nearest Investor Service Centre (ISC) of the Mutual Fund/ the Registrar of the Mutual Fund viz M/s Karvy Computershare Pvt. Ltd. or visit our website www.jmfinancialmf.com for the Multiple Bank Accounts Registration Form ("Registration Form").

For registration of multiple bank accounts, the investors can submit any one of the following documents along with Part A of the registration form. In case, a copy of any document has been submitted, investor should bring the original to the ISC of the Mutual Fund / the Registrar for verification:

- a. Cancelled cheque leaf, or
- b. Bank Statement / Pass Book Page with account number, account holders' name and address.

The registered bank accounts mentioned above will be used to identify subscriptions payments and any one of the registered bank accounts can be used towards redemption or dividend payments. In case, any of the registered bank accounts is closed / altered, instructions to delete / alter it should be intimated by using the designated form which can be downloaded from our website mentioned above. Requests received on a plain paper are liable to be rejected. The bank accounts will be registered or any subsequent addition / change / deletion in the registered bank accounts would be effected within a period of 10 calendar days, subject to the documents being in order. In the interim, proceeds for any redemption request or dividend payments will be sent to existing registered bank account only.

Registration of a Default Bank Account:

Part B of the Registration Form may be used by the unit holders to specify any one bank account out of the registered multiple bank accounts, as the 'Default Bank Account', for the credit of redemption and dividend proceeds. The Default Bank Account will be used for payments of redemption requests in case no other registered bank account or a non-registered bank account is specified in the redemption request for receiving redemption proceeds.

In case, the 'Default Bank Account' is not specified, the Mutual Fund shall treat the following as default bank accounts.

- a. In case of existing investors, the existing bank mandate, till the investor gives a separate request to change the same to any of other registered bank accounts.

- b. In case of new investors, the bank account mentioned on the purchase application form, used for opening the folio, till the investor gives a separate request to change the same to any of other registered bank account.

Deletion of Registered Bank Accounts:

Part C of the Registration Form can be used by the investors to delete a registered bank account. Investor will not be allowed to delete a default bank account unless he/she registers another registered account as a default account.

Kindly note that effective November 15, 2010, redemption payments will be sent only to a bank account that is already registered and validated in the folio at the time of redemption transaction processing.

Consequent to introduction of "Multiple Bank Accounts", the existing facility of redemption requests accompanied with request for change of bank mandate will not be processed simultaneously. The two requests will be handled and executed separately for all existing and new customers, irrespective of customer category.

In case, the unit holder(s) provide a new and unregistered bank mandate with a redemption request (with or without necessary supporting documents) such bank account will not be considered for payment of redemption proceeds and redemption proceeds will be sent to existing registered bank account only.

This addendum shall form an integral part of the SAI of JM Financial Mutual Fund. All other terms and conditions of the SAI remain unchanged.

Bhanu Katoch

Chief Executive Officer

Place : Mumbai

JM Financial Asset Management Private Limited

Date : November 12, 2010

(Investment Managers to JM Financial Mutual Fund)

For further details, please contact :

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502, 5th Floor, 'A' Wing, Laxmi Towers, Bandra Kurla Complex, Mumbai - 400051.

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Investment Objectives: JM Equity Fund (an open-ended growth scheme), To provide optimum capital growth and appreciation. **JM Basic Fund** (an open-ended sector scheme), The primary objective of the Scheme will be to provide capital appreciation to its Unitholders through judicious deployment of the corpus of the Scheme in sectors categorized under "basic industry" in the normal parlance and in context of the Indian economy, including but not limited to, energy, petrochemicals, oil & gas, power generation & distribution and electrical equipment suppliers, metals and building material. The fund would continue to remain open-ended with a sector focus. **JM Emerging Leaders Fund** (an open-ended equity oriented growth scheme), The primary investment objective of the scheme is to seek long term capital appreciation from investment in a portfolio of stocks across all market capitalization range. The portfolio may include those companies operating in emerging sectors of the economy or companies which exhibit potential to become leaders of tomorrow. However, there can be no assurance that the investment objective will be achieved. **JM Small & Mid-Cap Fund** (an open ended equity oriented scheme) The investment objective of the Scheme is to provide capital appreciation by primarily investing in small cap and mid-cap stocks. Small cap stock is defined as any company which has a market capitalization less than 10% of the market capitalization of the last stock in S&P CNX NIFTY. Mid-cap stock is defined as any company which has a market capitalization less than the market capitalization of the last stock in S&P CNX NIFTY but greater than 10% of the market capitalization of the last stock in S&P CNX NIFTY. **JM HI FI Fund (JM Housing, Infrastructure & Financial Services Fund)** (an open ended equity oriented growth fund), To provide medium to long term capital growth from a portfolio that is substantially constituted of equity & equity related securities of companies which could benefit from the structural changes brought about by the continuing liberalization in economic policies and investments by the Government in the housing, infrastructure and financial services sectors. **JM Mid Cap Fund** (an open-ended equity oriented scheme), The Investment objective of the scheme will be to generate long term capital growth at a controlled level of risk by predominantly investing in Mid Cap Companies. **JM Large Cap Fund** (an open-ended equity oriented scheme), The Investment objective of the scheme will be to generate long term capital growth at a controlled level of risk by predominantly investing in the Large Cap Companies. **JM Telecom Sector Fund** (an open-ended equity oriented sector scheme), The primary investment objective of the scheme is to invest predominantly in equity & equity related instruments in the Telecom Sectors in India. Accordingly the NAV of the Scheme is linked to the equity performance of such companies. However, there can be no assurance that the investment objectives of the scheme will be realised. The scheme does not guarantee / indicate any returns. **JM Financial Services Sector Fund** (an open-ended equity oriented sector scheme), The primary investment objective of the scheme is to invest predominantly in equity & equity related instruments in the Banking / Financial institution / NBFC and housing finance sectors in India. Accordingly the NAV of the Scheme is linked to the equity performance of such companies. However, there can be no assurance that the investment objectives of the scheme will be realised. The scheme does not guarantee / indicate any returns. **JM Balanced Fund** (an open-ended balanced scheme), To provide steady current income as well as long term growth of Capital. **JM MIP Fund** (an open-ended monthly income fund with no assured return. Monthly Income is not assured and is subject to the availability of the distributable surplus), To generate regular income, primarily through investments in fixed income securities so as to make monthly, quarterly and annual dividend distribution, declare bonus in the growth option. The Fund would also aim to achieve capital appreciation through investing a portion of its assets in equity and equity related securities. **JM Nifty Plus Fund** (an open-ended equity oriented scheme), The Investment objective of the scheme will be to generate investment returns by predominantly investing in S & P CNX Nifty Stocks and Nifty and its 50 constituents in the same weightages as its composition and through deployment of surplus cash in debt and money market instruments and derivative instruments. **JM Contra Fund** (an open ended equity oriented scheme) The investment objective of the Scheme is to provide capital appreciation by following contrarian style of investing that refers to buying into fundamentally sound stocks that have been overlooked by the market (for reasons of short term trend) and waiting for the market to give these stocks their real value in course of time. **JM High Liquidity Fund** (an open-ended liquid scheme), To provide income by way of dividend (dividend plans) and capital gains (growth plan) through investing in debt and money market instruments. **JM Arbitrage Advantage Fund**: (An open-ended equity oriented Interval Scheme) The primary investment objective of the scheme is to generate income through arbitrage opportunities emerging out of mis-pricing between the cash market and the derivatives market and through deployment of surplus cash in fixed income instruments. **JM Money Manager Fund** (an open-ended debt scheme), To generate stable long term returns with low risk strategy and capital appreciation/accrion through investments in debt instruments and related securities besides preservation of capital. **JM Floater Fund - LTP** (an open-ended income scheme) (formerly known as JM Liquid Plus Fund) To provide regular income and capital appreciation through investment in floating rate debt instruments, fixed rate debt instruments swapped for floating rate returns and also fixed rate instruments and money market instruments. **JM Floater Fund - STP** (an open-ended liquid scheme), To provide regular income and capital appreciation through investment in floating rate debt instruments, fixed rate debt instruments swapped for floating rate returns and also fixed rate instruments and money market instruments. **JM Short Term Fund** (an open-ended income scheme), To generate regular returns and high level of liquidity with low risk strategy and capital appreciation / accrion through investment in debt instruments and related securities besides preservation of capital. **JM Income Fund** (an open-ended income scheme), To generate stable long term returns with low risk strategy and capital appreciation / accrion through investment in debt instruments and related securities besides preservation of capital. **JM G-Sec Fund** (an open-ended dedicated gilts scheme), To provide ultimate level of safety to its unitholders through investments in sovereign securities issued by the Central and State Government. **JM Tax Gain Fund** (an open ended equity linked savings scheme), The investment objective is to generate long-term capital growth from a diversified and actively managed portfolio of equity and equity related securities and to enable investors a deduction from total income, as permitted under the Income Tax Act, 1961 from time to time. **JM Multi Strategy Fund**: (an open-ended equity oriented scheme), The investment objective of the Scheme is to provide capital appreciation in equity and equity related securities using a combination of strategies. **JM Fixed Maturity Fund**: (a close-ended income funds offering equity maturity plans), The investment objective of the Scheme and the plans launched thereunder is to seek to generate regular returns through investments in fixed income securities normally maturing in line with the time profile of the respective Plans. **JM Interval Fund** : (A debt oriented interval fund), The investment objective of the Scheme and the plans launched thereunder is to seek to generate predictable returns over a predetermined period by investing in a portfolio of fixed income securities normally maturing in line with the time profile of the respective Plans.

Statutory Details : Trustee : JM Financial Trustee Company Private Limited. **Investment Manager** : JM Financial Asset Management Private Limited. **Sponsor** : JM Financial Limited.

Risk Factors: Mutual fund investments are subject to market risks and there is no assurance or guarantee that the objectives of the scheme will be achieved. As with any investment in securities, the Net Asset Value (NAV) of the units issued under the Scheme can go up or down depending on the factors and forces affecting the capital markets. Past performance of the Sponsor / AMC / Schemes of JM Financial Mutual Fund does not indicate the future performance of the schemes of JM Financial Mutual Fund. The sponsors are not responsible or liable for any loss resulting from the operation of the fund beyond the initial contribution made by them of an amount of Rupees One lakh towards setting up of the Mutual Fund, which has been invested in JM Equity Fund. The names of the schemes do not in any manner indicate either the quality of the schemes or their future prospects or returns. Investors in the Schemes are not being offered any guaranteed / indicative returns. Please see "Risk Factors", "Scheme Specific Risk Factors and Special Consideration" and "Right to limit redemptions" in the Scheme Information Document & Statement of Additional Information. Please refer the Scheme Information Document & Statement of Additional Information of the Schemes, which can be obtained free of cost from any of the JM Financial Mutual Fund Investor Service Centres or Distributors. Please read the Scheme Information Document & Statement of Additional Information carefully before investing.