

# JM FINANCIAL MUTUAL FUND

## NOTICE

### THIS ADDENDUM DATED DECEMBER 4, 2007 SETS OUT THE CHANGES TO BE MADE IN THE OFFER DOCUMENTS / KEY INFORMATION MEMORANDA OF ALL SCHEMES OF JM FINANCIAL MUTUAL FUND

#### 1. Change in sponsor of JM Financial Mutual Fund

The paragraph in the Offer Document appearing at Point 5 on Constitution of JM Financial Mutual Fund will now read as.

#### 5.0 CONSTITUTION OF JM FINANCIAL MUTUAL FUND

JM Financial Mutual Fund (formerly known as JM Mutual Fund and hereinafter referred as "the Fund") had been constituted as a Trust with J.M. Financial and Investment Consultancy Services Private Limited ("JMIFCS") and JM Financial Limited (formerly known as J.M. Share and Stock Brokers Limited and referred to as "JMF") as the Settlers and JM Financial Trustee Company Private Limited (formerly, known as J.M. Trustee Company Private Limited and hereinafter referred as "the Trustee") as Trustee. The Fund was registered with SEBI vide Registration No. MF/015/94/8 dated September 15, 1994. The Trustee appointed JM Financial Asset Management Private Limited (formerly known as J.M. Capital Management Private Limited and referred to as "the AMC") as the Investment Manager. JMIFCS and JMF who were the Sponsor and the Co-Sponsor respectively of JM Financial Mutual Fund had made an initial contribution of Rs. One lac each towards JM Financial Mutual Fund which has been invested in JM Equity Fund.

Consequent to the change in the shareholding of the AMC in October 2007 and by virtue of being the only shareholder holding more than 40% of the equity share capital of the AMC, JM Financial Limited has become the sole Sponsor of JM Financial Mutual Fund.

JM Financial Mutual Fund was promoted by the JM Financial Group, which has over 25 years of association with the Indian securities market both as Investment Banker and Stock Brokers. In the year 1999, JM Financial Group and Morgan Stanley group setup a joint venture to combine their investment banking and institutional equity sales and trading businesses in India. The companies that were managing these businesses were known as JM Financial Consultants Pvt. Ltd. (earlier known as JM Morgan Stanley Private Limited) and Morgan Stanley India Co. Pvt. Ltd. (earlier known as JM Morgan Stanley Securities Private Limited). In October 2007, the sponsor has separated from Morgan Stanley in the joint venture relating to Investment Banking and Institutional Equity Sales and Trading Businesses in India.

The main objective of JM Financial Mutual Fund is to formulate and devise various collective schemes of savings and investments for the general public and to provide them with reasonable income/ returns and ensure liquidity of investments for the unit holders.

#### 5.1 SPONSOR

JM Financial Limited is the sole sponsor of JM Financial Mutual Fund.

#### 5.1.1 JM FINANCIAL LIMITED ("JM Financial/ The Sponsor")

JM Financial Limited, with the approval of SEBI, has become the sole sponsor of JM Financial Mutual Fund. JM Financial is the flagship listed company belonging to JM Financial Group and is currently a holding company of JM Financial Asset Management Private Limited. J.M. Financial and Investment Consultancy Services Private Limited, the erstwhile sponsor of JM Financial Mutual Fund is one of the promoters of JM Financial.

#### Financial performance of the Sponsor

Rs. In Crore

	FY 2004-05	FY 2005-06	FY 2006-07
Total Income	13.72	16.28	39.38
Profit After Tax	9.48	15.27	35.31
Equity capital (Paid up)	11.29	15.50	29.98
Share Suspense Account	-	12.37	-
Reserves & Surplus	20.81	203.19	351.02
Networth	32.10	231.06	381.00
Earnings per Share (Rs.)	8.37	8.60	12.04
Book Value per Share (Rs.)	28.34	148.83	126.99
Dividend Paid (%)	25.00	25.00	50.00

All references to Sponsor in the existing Offer Document and Key Information Memorandum will henceforth be to JM Financial. Pursuant to this change, all the references to J. M. Financial and Investment Consultancy Services Private Limited as the Sponsor and JM Financial Ltd. as the Co-Sponsor of JM Financial Mutual Fund have therefore been deleted throughout the Offer Document including the Key Information Memorandum of all schemes of JM Financial Mutual Fund.

#### 2. Change in the shareholding pattern of the AMC

The shareholding pattern of the AMC set out at 5.3.1 of the Offer Document will be amended as under

#### 5.3.1 Shareholding Pattern of JM Financial Asset Management Pvt. Ltd. as on 30/11/2007

##### i. Equity Share Capital

Name of the shareholder	Status (Individual/ Corporate)	Activities	%
J.M. Financial & Investment Consultancy Services Pvt. Ltd.	Company	Investment Company	33.61
JM Financial Ltd.	Company	Investment Company	58.26
Nimesh N Kampani & Aruna N Kampani	Individuals	Investment Banker	5.79
Aruna N Kampani & Nimesh N Kampani	Individuals	Homemaker	2.20
Nimesh N Kampani - HUF & Aruna N Kampani & Vishal N Kampani	HUF	Business	0.14
<b>Total</b>			<b>100.00</b>

##### ii. Preference Share Capital

Sr. No.	Name of Shareholder	Status (Individual / Corporate)	Activities	% of optionally convertible redeemable preference share-holding
1.	JM Financial Ltd.	Company	Investment Company	100.00
	<b>Total</b>			<b>100.00</b>

#### 3. Changes in the key personnel of the AMC

Mr. Sanjay Chhabaria has joined as Fund Manager – Equity at JM Financial Asset Management Private Limited ("the AMC").

Consequently, the paragraph "KEY EMPLOYEES OF THE AMC" stands amended in the Offer Documents / Key Information Memoranda of the Schemes of JM Financial Mutual Fund as given below :

#### 5.3.4 KEY EMPLOYEES OF THE AMC

Name	Designation	Qualifications Age	Experience & Background / (During last 10 years)
Mr. Sanjay Kumar Chhabaria	Fund Manager - Equity	PGDBA, CFA / Age : 33 years	He has more than 8 years of experience in fund management and equity research. In his last assignment he was working as a Fund Manager with Lotus India AMC. Prior to this he has worked SBI Funds Management as a Fund Manager. He started his career on the broking side in equity research and has worked with firms like SMIFS Securities and IDBI Capital Markets for 4 years. He is the Fund Manager for JM Equity Fund and JM Equity Tax Saver Fund - Series I.

Consequent to the appointment of Mr. Sanjay Chhabaria, Mr. Sandip Sabharwal will be the Fund Manager for JM Contra Fund, JM Small & Mid-Cap Fund and JM Emerging Leaders Fund.

#### 4. Changes specific to JM Agri & Infra Fund

##### 1 Official Points of Acceptance

The following clause is incorporated in all the Schemes of JM Financial Mutual Fund

**JM ISC** : Investor Service Center(s) of JM Financial Mutual Fund/Registrar & transfer agent and authorized web portal approved by JM Financial Mutual Fund from time to time/AMC's own site are authorized to receive all types of transactions during NFO & Post NFO period as mentioned in the offer document. Selected branches of Banks are also authorized to act as a collecting banker during the period of New Fund Offer of any new scheme as mentioned in KIM of the scheme concerned.

The above mentioned collection center will be treated as official points of acceptance for all financial transactions like subscription/ redemption/ switch and the cut-off timing for various transactions shall be reckoned at these Official Points. However Investor Service Centers located at corporate office of the AMC situated at Bandra Kurla Complex (BKC) will act as the official point of acceptance for all financial transactions under all schemes except for purchase/additional purchase transactions under liquid schemes where payment instrument is physically attached.

##### 2) Fund of Funds Scheme - Load

The AMC will not charge any entry/exit load for a Fund of Funds Scheme investing in any Scheme of the Mutual Fund.

##### 3) Redemption of units

Redemption of units (except in SIP/STP/SWP cases) will be Rs. 500 or 50 units subject to applicable exit load. Any redemption in excess thereof may be in multiples of Re.1/- subject to keeping minimum balance of 500 units or Rs. 5000/- whichever is less.

In the event of remaining balance (for investment other than through SIP/STP/SWP falling below the minimum balance of 500 units or Rs.5000 (Which ever is less) while processing redemption/switch requests, the entire outstanding units redeemed.

##### 4) The following line will now appear towards the end of the clause on Electronic Clearing Services (ECS) / Electronic Fund Transfer (EFT) / National Electronic Funds Transfer (NEFT)

It is further clarified that credits through ECS / EFT / NEFT instructions from a third party will not be permitted.

All other features of the Schemes remain unchanged.

**Nityanath P. Ghanekar**

Managing Director & Chief Executive Officer

JM Financial Asset Management Private Limited

(Investment Managers to JM Financial Mutual Fund)

Place : Mumbai

Date : December 4, 2007

#### For further details, please contact :

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**Investment Objectives : JM Equity Fund** (an open-ended growth scheme), To provide optimum capital growth and appreciation. **JM Balanced Fund** (an open-ended balanced scheme), To provide steady current income as well as long term growth of Capital. **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 Auto Sector Fund** (an open-ended sector fund), To provide capital appreciation to its unitholders through judicious deployment of the corpus of the scheme in the auto & auto ancillary sector. **JM Healthcare Sector Fund** (an open-ended sector fund), To provide capital appreciation to its unitholders through judicious deployment of the corpus of the scheme in the healthcare sector. **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 assurances that the investment objective will be achieved. **JM HI FI Fund** (JM Housing, Infrastructure & Financial Services Fund) (an open ended equity oriented growth fund), To generate 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 Arbitrage Advantage Fund** (an open-ended equity oriented interval fund), 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 Financial Services Sector Fund** (an open-ended equity oriented sector fund), 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 Telecom Sector Fund** (an open-ended equity oriented sector fund), 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 Contra Fund** (an open ended equity oriented fund) 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 Equity Tax Saver Fund - Series I** (a close-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. However, there can be no assurance that the investment objective of the scheme will be achieved. **JM Small & Mid-Cap Fund** (an open ended equity oriented fund) 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 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 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 Money Manager Fund** (an open-ended income scheme), An open-ended liquid scheme which seeks to provide income by way of dividend (dividend option) and capital gains (growth option) through investing in debt and money market instruments. **JM Income Fund** (an open-ended income scheme), To generate stable long term returns with low risk strategy and capital appreciation / accretion 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 Short Term Fund** (an open-ended income scheme), To generate regular returns and high level of liquidity with low risk strategy and capital appreciation / accretion through investment in debt instruments and related securities besides preservation of capital. **JM Floater Fund** (an open-ended income 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 Liquid Plus Fund** (an open-ended income scheme) (formerly known as JM Floater Fund - Long Term Plan) 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 Equity & Derivative Fund** (an income scheme - interval fund), 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. However, there can be no assurance that the investment objective of the scheme will be realized. The scheme does not guarantee/indicate any returns. **JM Agri & Infra Fund** (a close-ended equity oriented scheme) The investment objective of the scheme is to provide long-term growth by investing predominantly in equity / equity related instruments of companies that focus on agriculture and infrastructure development of India. **JM Fixed Maturity Fund Series IV** (a close ended income fund offering Fixed Maturity Plans), A close ended income scheme comprising various plans seeking to generate regular returns through investment in fixed income securities normally maturing in line with the time profile of the respective plan. **JM Fixed Maturity Fund - Series VI** (a close - ended income fund offering fixed 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 Fixed Maturity Fund - Series VII** (a close - ended income fund offering fixed 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.

**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 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 liable or responsible for any loss resulting from the operation of the fund beyond the initial contribution made by them of an aggregate amount of Rupees Two Lakhs towards setting up of the fund, which has been invested in JM Equity Fund, JM Equity Fund, JM Balanced Fund, JM Basic Fund, JM Auto Sector Fund, JM Healthcare Sector Fund, JM Emerging Leaders Fund, JM HI FI Fund, JM Arbitrage Advantage Fund, JM Financial Services Sector Fund, JM Telecom Sector Fund, JM Small & Mid-Cap Fund, JM Equity Tax Saver Fund - Series I, JM Contra Fund, JM MIP Fund, JM Short Term Fund, JM High Liquidity Fund, JM Money Manager Fund, JM Income Fund, JM G-Sec Fund, JM Floater Fund, JM Liquid Plus Fund, JM Equity & Derivative Fund, JM Agri & Infra Fund and JM Fixed Maturity Fund are only the names of the Schemes and do not in any manner indicate either the quality of the Schemes or their future prospects or returns. Investors in the Schemes / Plans 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 Offer Documents. Please refer the Offer Document of the Scheme, which can be obtained free of cost from any of the JM Financial Mutual Fund Investor Service Centres or Distributors. **Investors should read the Offer Document carefully before investing.**