

## **SCHEME INFORMATION DOCUMENT (SID)**

### **JM FIXED MATURITY FUND - SERIES XIX - PLAN D (JMFMF-XIX-D)**

**(A close-ended income fund offering fixed maturity plans)**

An offer for units @ ₹ 10/- each during the multiple New Fund Offer period  
Plan D will have tenure of 375 days from the date of the allotment of units of the plan.

**New Fund Offer opens on: 14/03/2011**

**New Fund Offer closes on: 22/03/2011**

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of JM Financial Mutual Fund, Tax and Legal issues and general information on [www.jmfinancialmf.com](http://www.jmfinancialmf.com)

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated 28/02/2011

**NAME OF MUTUAL FUND:**

JM Financial Mutual Fund

**NAME OF ASSET MANAGEMENT COMPANY:**

JM Financial Asset Management Private Limited

**NAME OF TRUSTEE COMPANY:**

JM Financial Trustee Company Private Limited

**ADDRESSES, WEBSITE OF THE ENTITIES:**

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**Disclaimer:**

“As required, a copy of this Scheme Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter No. NSE/LIST/154928-B dated December 30, 2010 permission to the Mutual Fund to use the Exchange's name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund's units are proposed to be listed subject to, the Mutual Fund fulfilling the various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund's units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its Sponsors, its management or any scheme or project of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.”

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## HIGHLIGHTS/SUMMARY OF THE SCHEME

- JM Fixed Maturity Fund Series XIX (FMF Series XIX) is an Close Ended Fund, which will be listed on the Exchange
- **Investment objective:** A close ended income scheme comprising various plans seeking to generate regular returns through investments in fixed income securities maturing on or before the date of the maturity of the scheme.

- **Liquidity**

### Redemption of Units

No redemption/repurchase of units shall be allowed prior to the maturity of the close ended schemes. Investors wishing to exit may do so, only in demat mode, by selling through NSE or any other stock exchange where the scheme will be listed,

Units of JM FMF Series XIX can be bought/sold like any other stock on the National Stock Exchange of India Ltd. (NSE) or on any other exchange where it is listed.

Investors can redeem on all business days by selling on stock exchange, where units of the fund are listed.

On maturity of a Plan, the maturity pay-out will normally be effected on the day immediately following the maturity day. However, if the maturity pay-out day falls on a non-business day, then the maturity day will be extended appropriately to ensure that both the maturity day and the pay-out day are continuous business days. In case units are held in physical form, the Fund will endeavour to dispatch the maturity cheque/ draft within 10 Business Days from the date on which the maturity transaction is affected. In case units are held in Demat form, maturity/ dividend proceeds will be credited into investor's bank account through their DP.

Units in a plan will be redeemed on the date of maturity of that plan at the applicable NAV. Please note that if any maturity day falls on a non-business day, the redemption will be done on the next business day. Unitholders of a plan may give a switch request before maturity of the plan to other schemes of JM Financial Mutual Fund.

In case redemption request is not received till the end of business hours on the date of Maturity of a plan, the account balances will be compulsorily redeemed and proceeds will be remitted to the respective Unitholders.

### Transfer

Units held by way of an Account Statement cannot be transferred. Units held in Demat form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. Transfer can be made only in favour of transferees who are capable of holding units and having a Demat Account. The delivery instructions for transfer of units will have to be lodged with the DP in requisite form as may be required from time to time and transfer will be effected in accordance with such rules / regulations as may be in force governing transfer of securities in dematerialized mode.

- **Listing**

The Regulations require that every close-end scheme (except Equity Linked Saving Scheme) be mandatorily listed on a recognised stock exchange. The Fund intends to list on either National Stock Exchange of India Ltd. or Bombay Stock Exchange Ltd. or both the Stock Exchanges. Investors will not be able to redeem their units during the tenor of the Plans and there will be redemption on the maturity of the respective plans. However the units held in dematerialized form can be traded on the Stock Exchange.

- **Benchmark:** Benchmark index for each plans of the Scheme depending on maturity of the concerned plan will be as follows:

| Tenure of the Plan                        | Benchmark                    |
|---|------------------------------|
| Less than 91 days                         | Crisil Liquid Fund Index     |
| 91 days or more but less than three years | Crisil Short Term Bond Index |

- **Transparency/NAV Disclosure :** NAVs will be determined at the close of every business day.

- **Loads :** The load structure for JM Fixed Maturity Fund – Series XIX is as follows:

### Load chargeable (as %age of NAV)

**Entry Load :** There will be no entry load for investing in any plan under the Scheme.

**Exit Load :** Since the Plans will be listed on the stock exchange, no exit load will be charged

However, an investor would be paying/ incurring cost in the form of a bid and ask spread and brokerage, as charged by his broker, for buying/ selling of units. Additionally investor will also have to bear applicable statutory levies.

## CHOICE OF INVESTMENT OPTIONS

Under the Scheme, four plans will be launched.

JM Fixed Maturity Fund - Series XIX - Plan A to D offers plans of tenure from 3 months to 24 months from the date of allotment of the respective Plan(s) (including the date of allotment). The exact duration of the Plan(s) under the Scheme shall be decided at the time of launch of the respective Plan(s) and in case of the Plan(s) launched after New Fund Offer of the first Plan launched under the Scheme, the duration of the Plan will be indicated in the notice published for launch of each of the Plan.

Each Plan will have a Growth and Dividend option. Investors are requested to indicate their preference while investing in the plans. Under the dividend option, investors have dividend payout option.

The plans under the Scheme will have a separate portfolio. However, the options under each plan will have a common portfolio. Each of the respective Plans will adhere to the requirements of the SEBI Circular No. SEBI/IMD/Cir No.10/22701/03 dated December 12, 2003 read with SEBI Circular No. SEBI/IMD/Cir No. 1/42529/05 dated June 14, 2005 on minimum number of investors. Each scheme and individual plan(s) under the schemes should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme/ plan(s). In case of close-ended scheme / plan, if either of the above two conditions are not fulfilled immediately after the close of the NFO i.e. at the time of allotment, the provisions of Regulation 39(2)(c) of the SEBI (Mutual Funds) Regulations, 1996, would become applicable automatically without any reference from SEBI. The scheme/ plans shall be wound up by adhering to the guidelines prescribed by SEBI and the investors' money would be redeemed. In case of non-fulfillment with the condition of 25% holding by a single investor on the date of allotment, the application to the extent of exposure in excess of the stipulated 25% limit would be liable to be rejected and the allotment would be effective only to the extent of 25% of the corpus collected. Consequently, such exposure over 25% limits will lead to refund within 5 business days of the date of closure of the New Fund Offer.

- **Minimum Application Amount**

**During the NFO Period**

Subscription by the Unitholder under the Plan should be for a minimum investment ₹ 5,000/- only in the Plan for each option and in multiples of ₹ 10/- thereafter. The minimum investment amount including multiple amounts may change / be different for various plans as may be decided by the AMC.

The minimum investment is applicable at the respective Plans/Sub-plans/Options/ Sub-options level i.e. Growth, Dividend payout.

**After the NFO Period**

As the scheme will be listed on the NSE, investors can buy or sell units of the plan from the secondary market on the National Stock Exchange of India Ltd. or any of the Exchange where it is listed. The minimum number of units that can be bought or sold is 1 (one) unit.

Minimum lot size: 1 unit for trading in stock exchange.

- **Minimum Redemption Amount**

**MATURITY**

On maturity of the Plan, the outstanding Units shall be redeemed and proceeds will be paid to the Unitholder. The Trustees reserves the right to suspend/deactivate /freeze trading, ISIN of the scheme and to do all matters with respect to closure of the scheme at the time of maturity at any time 10 days prior to the maturity. Maturity proceeds will be paid to all the unit holders as per the records of the Registrar of the Mutual Fund. In case units are held in Demat form the proceeds on maturity will be payable to the persons whose names are appearing in beneficiary position details received from depositories after the suspension /deactivation /freezing of ISIN.

Maturity proceeds would be payable to investors as per the bank details provided by the unitholders to the Mutual Fund. Where units are held in Demat form bank details will be taken from beneficiary position details received from depositories.

Upon maturity, the units will be redeemed with AMC on the prevalent NAV.

**MATURITY PROCEEDS TO NRI INVESTORS:**

NRI investors shall submit Foreign Inward Remittance Certificate (FIRC), along with Broker contract note of the respective broker through whom the transaction was effected, for releasing redemption proceeds on maturity. Redemption proceeds shall not be

remitted until the aforesaid documents are submitted and the AMC/Mutual Fund/Registrar/Scheme shall not be liable for any delay in paying redemption proceeds.

In case of non-submission of the aforesaid documents the AMC reserves the right to deduct the tax at the highest applicable rate without any intimation by AMC / Mutual Fund / Registrar.

The Plan under the scheme shall be fully redeemed at the end of the maturity period

- **Tax benefits - Please refer SAI.**
- **Earnings of the Fund** – Earnings of the fund are totally exempt from income tax under Section 10(23D) of the I.T. Act.
- **Dematerialisation**
  - a) **Units:** The Unit holders are given an Option to hold the units by way of an Account Statement (physical form) or in Dematerialized ('Demat') form
  - b) For issue of units of the scheme in demat form, applicants under the scheme will be required to have a beneficiary account with a DP of NSDL/ CDSL and will be required to indicate in the application the DP's name, DP ID number and its beneficiary account number with the DP.
  - c) In case Unit holders do not provide their Demat Account details, an Account Statement shall be sent to them. Such investors will not be able to trade on the stock exchange till the holdings are converted in to demat form.
  - d) For trading of units on the Stock Exchange, the Units of the scheme can be traded in dematerialized form only.

#### **Repatriation facility**

NRIs and FIIs may invest in the Scheme on a full repatriation basis as per RBI notification no. FEMA 20/2000 dated May 3, 2000.

The AMC may add to or otherwise amend either all or any of the terms of the Scheme, by duly complying with the guidelines of and notifications issued by SEBI/GOI/any other regulatory body that may be issued from time to time subject to the prior approval of SEBI, if required. In case the scheme is launched in the first half of a financial year, the SID shall be updated within 3 months from the end of the financial year. However, for the schemes launched in the second half of the financial year, SID shall be updated within 3 months of the end of the subsequent financial year. Thereafter the SID shall be updated every year. In case of change in fundamental attributes in terms of Regulation 18(15A) SID shall be revised and updated immediately after completion of duration of exit option. Till the time the Scheme Information Document is revised and reprinted, an addendum giving details of each of the changes shall be attached to Scheme Information Document and abridged Scheme Information Document and circulated to all the distributors/brokers so that the same can be attached to all Scheme Information Documents already in stock. The AMC will also circulate the addendum/amendment to the unitholders along with the newsletter sent to them. Arrangements will also be made to provide changes in the Scheme Information Document in the form of a notice/any other manner in/at all the investor service centers'/distributors'/ office.

#### **Benefits of investing in units of JM Fixed Maturity Fund – Series XIX ("The Scheme")**

- Can be easily bought / sold like any other Stock on the Exchange through terminals spread across the country.
- Can be bought / sold anytime during market hours at prices that are expected to be close to actual NAV of the Scheme. Thus, investor invests at real-time prices as opposed to end of day prices.
- No separate form filing for buying / selling units. It is just a phone call to your broker or a click on the net.
- Ability to put limit orders.
- An investor can get a consolidated view of his investments without adding too many different account statements, as the units will be in demat form.
- The Scheme has all the benefits of low cost and transparency. As units under the various plans of the scheme are going to be listed on the exchange, costs of distribution are much lower and the reach is wider. These savings in cost are passed on to the investors in the form of lower costs. Further more, exchange traded mechanism helps reduce minimal collection, disbursement and other processing charges.
- The structure of the scheme is such that it protects long-term investors from inflows and outflows of short term investor. This is because the Fund does not bear extra transaction cost when buying / selling due to frequent subscriptions and redemptions.

## **1.0 INTRODUCTION**

### **A. RISK FACTORS**

#### **Standard Risk Factors:**

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the scheme. The various factors which impact the value of the Scheme's investments include, but are not limited to, fluctuations in the bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc
- The name of the scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns.
- The sponsor is not responsible or liable for any loss resulting from the operation of the scheme beyond the initial contribution of one Lac made by it towards setting up the Fund.
- The present scheme is not a guaranteed or assured return scheme

#### **Scheme Specific Risk Factors**

Apart from the risk factors mentioned above, the investors in JM Fixed Maturity Fund - Series XIX would face the following risks:

- The Scheme may not be able to invest in the suitable securities falling within its investment parameters leading the Scheme to hold short term deposits of scheduled commercial banks till the monies are deployed as per the investment objective of the Scheme.
- As the Scheme propose to invest and hold the securities till maturity, any default/delay by the investee company in honoring the securities on redemption may lead to delay and/or erosion in the maturity value to the unitholders.
- Absence of Prior Active Market: Although Schemes/Plans described in this Scheme Information Document are to be listed on the Exchange, there can be no assurance that an active secondary market will develop or be maintained. Consequently, the Fund may quote below its face value / NAV
- Lack of Market Liquidity: Trading in the units of FMF Series XIX on the Exchange may be halted because of market conditions or for reasons that in view of Exchange Authorities or SEBI, trading in units of JM FMF Series XIX is not advisable. In addition, trading in units of JM FMF Series XIX is subject to trading halts caused by extraordinary market volatility and pursuant to Exchange and SEBI 'circuit filter' rules. There can be no assurance that the requirements of Exchange necessary to maintain the listing of units of JM FMF Series XIX will continue to be met or will remain unchanged.
- The units of the plans under JM Fixed Maturity Fund – Series XIX may trade above or below their NAV. The NAV of the Scheme will fluctuate with changes in the market value of the Scheme's holdings. The trading prices of the said units will fluctuate in accordance with the changes in their NAV as well as market supply and demand for the units.
- Regulatory Risk: Any changes in trading regulations by the Stock Exchange(s) or SEBI may affect the ability of market maker to arbitrage resulting into wider premium/ discount to NAV.

#### **Risk mitigation measures:**

Risk management is an integral part of the investment process. The AMC incorporates adequate safeguards for controlling risks in the portfolio construction process, which are periodically evaluated. Online monitoring of various exposure limits are done by the System. The System incorporates all the investment restrictions as per SEBI guidelines and internal alerts at appropriate

levels for preemptive monitoring. The system also enables identifying & measuring the risk through various risk measurement tools like various risk ratios, duration, credit score and analyzes the same so as to act in a preventive manner. In addition to minimizing the major risks for investments in debt instruments, the following steps are also taken

**The Mutual Fund has put the following processes in place:**

**a) Credit Risk**

- In depth credit evaluation of the money market and debt instruments (other than GSecs) proposed to be invested in.
- Issuer wise and Industry wise exposure limits
- Independent rating of scheme portfolio by recognized rating agency.
- Defining the minimum rating grades at the time of investment as well as at portfolio level

**b) Interest Rate Risk:**

Although this risk exists in a fixed income portfolio, the closed ended nature of the Scheme mitigates the risk as portfolio construction at the time of inception leads to creation of portfolio with securities whose maturity date is in line with the maturity date of the Scheme.

**c) Liquidity Risk:**

In a closed ended product, liquidity risk on account of underlying securities' market liquidity does not exist, as intermediate liquidity is not required. Liquidity access is done through contractual maturity of the security, which is in line with the term of the closed ended Scheme.

**d) Concentration Risk:**

There are internal guidelines for maximum exposure to a single issuer and also concentration limits on account of large holdings to avoid undue concentration in portfolio.

**e) Event Risk:**

The endeavour is to invest in securities of issuers, who have strong fundamentals, to eliminate single company risk.

f) The scheme may also use derivatives and other hedging instruments, as may be permitted by RBI, from time to time, in order to protect the value of the portfolio.

**Interest Rate Risk:**

As with all debt securities, changes in interest rates will affect the Scheme's Net Asset Value as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long term securities generally fluctuate more in response to interest rate changes than of shorter-term securities. Interest rate movements in the Indian debt markets can be volatile leading to the possibility of large price movements up or down in debt and money market securities and thereby to possibly large movements in the NAV.

**Stock Lending**

In case the Scheme undertakes stock lending under the Regulations, it may, at times be exposed to counter party risk and other risks associated with the securities lending. Unitholders of the Scheme should note that there are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure can result in the possible loss of rights to the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary.

**Risks associated with Short Selling and Securities Lending -**

The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower



of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary.

**Liquidity and Marketability Risk:**

This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of some of these investments. Different segments of the Indian financial markets have different settlement periods, and such periods may be extended significantly by unforeseen circumstances. The length of time for settlement may affect the Scheme in the event it has to meet an inordinately large number of redemption or of restructuring of the Scheme's investment portfolio.

**Credit Risk:**

Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e. will be unable to make timely principal and interest payments on the security). Because of this risk debentures are sold at a yield spread above those offered on treasury securities which are sovereign obligations and generally considered to be free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the actual changes in the perceived level of credit risk as well as the actual event of default.

**Reinvestment Risk:**

This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme or from maturities in the Scheme are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested will fall.

**Risks associated with Investing in Derivatives -**

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

In the derivative markets there are risk factors and issues concerning the use of derivatives that investors should understand. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to manage the risks as a result of the failure of the counterparty to comply with the terms of the derivative contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives, credit risk where the danger is that of a counterparty failing to honour its commitment, liquidity risk where the danger is that the derivatives cannot be sold at prices that reflect the underlying assets, rates and indices and price risk where the market price may move in adverse fashion.

**B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

(Applicability for a Close ended scheme / Interval scheme)

The Scheme(s) and individual Plan(s) under the Scheme(s) shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme(s)/Plan(s). These conditions will be complied with immediately after the close of the NFO itself i.e. at the time of allotment. In case of non-fulfillment with the condition of minimum 20 investors, the Scheme(s)/Plan(s) shall be wound up in accordance with Regulation 39 (2) (c) of SEBI (MF) Regulations automatically without any reference from SEBI. In case of non-fulfillment with the condition of 25% holding by a single investor on the date of allotment, the application to the extent of exposure in excess of the stipulated 25% limit would be liable to be rejected and the allotment would be effective only to the extent of 25% of the corpus collected. Consequently, such exposure over 25% limits will lead to refund within 5 business days of the date of closure of the New Fund Offer.

**C. SPECIAL CONSIDERATIONS, if any**

**Prospective investors in this Scheme should educate themselves or seek professional advice on:**

1. Legal requirements or restrictions relating to the acquisition, holding, disposal, or redemption of Units within their jurisdiction of nationality, residence, ordinary residence and domicile or under the laws of any jurisdiction to which they are subject; and
2. Treatment of capital gains, and other tax consequences relevant to their acquisition, holding or disposal, whether by way of sale or redemption of Units

Potential investors should study this Scheme Information Document carefully in its entirety and consult their legal, tax and investment advisors to determine possible legal, tax, financial or other considerations of subscribing for, purchasing or holding Units before making a subscription for Units.

Potential investors should note that all financial investments carry inherent risks and no assurance or guarantee can be given that the objective of the Fund will be fully met. The NAV of the Units issued under this Scheme and the income from them can go up or down depending on the factors and forces affecting the capital markets, debt markets and money markets.

Entities managed or sponsored by the affiliates or associates of the Sponsors may either directly or indirectly invest in a substantial portion of the Scheme.

Neither this Scheme Information Document nor the Units have been registered in any jurisdiction. The distribution of this Scheme Information Document in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this Scheme Information Document are required to inform themselves about, and to observe, any such restrictions, as may be applicable. This Scheme Information Document does not constitute an offer or solicitation to any person within such jurisdiction. The Trustee may compulsorily redeem any units held directly or beneficially in contraventions of these prohibitions. It is the responsibility of any person in possession of this Scheme Information Document and of any person wishing to apply for Units pursuant to this Scheme Information Document to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction.

No person has been authorized to issue any advertisement or to give any information or to make any representations other than that contained in this Scheme Information Document. Circulars in connection with this offering not authorized by JM Financial Mutual Fund and any information or representations not contained herein must not be relied upon as having been authorized by JM Financial Mutual Fund. Prospective investors should not construe the contents hereof as advice relating to legal, taxation or investment matters and are advised to consult their own professional advisors concerning the purchase, holding or disposal of Units.

Past performance of other Schemes of JM Financial Mutual Fund are not necessarily indicative of the future performance of the Scheme. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution made by it of an aggregate amount of Rupees One lac towards setting up of the Mutual Fund which has been invested in JM Equity Fund and such other accretions and additions to the initial corpus made by the Sponsor.

#### **D. DEFINITIONS -**

- I. **AMC or Investment Manager:** JM Financial Asset Management Private Limited (the Investment Manager/Asset Management Company of the JM Financial Mutual Fund), a company incorporated and registered under the Companies Act, 1956 and includes its successors and assigns.
- II. **Business Day:** Business day is a day other than (a) Saturday and Sunday (b) a day on which banks in Mumbai including the Reserve Bank of India are closed for business or clearing (c) a day on which the Bombay Stock Exchange and /or National Stock Exchange are closed (d) a day which is a public and/or bank holiday at JM ISC where the application is received (e) a day on which sale and repurchase of units is suspended by the AMC (f) a day on which normal business could not be transacted due to storms, floods, bandh's, strikes, etc., All applications received on these non-business days will be processed on the next business day. The AMC reserves the right to declare any day as Business Day or otherwise at any or all JM ISCs.
- III. **Calendar Year :** A Calendar Year shall be full English Calendar months viz. 12 months commencing from 1st January and ending on 31st December.
- IV. **Credit Risk :** Risk of default in payment of principal or interest or both.
- V. **Credit Rating Agency :** A body corporate which is engaged in, or proposes to be engaged in, the business of rating of securities offered by way of public or rights issue under the SEBI (Credit Rating Agencies) Regulations, 1999.

- VI. Custodian:** A person who has been granted a certificate of registration to carry on the business of providing custodial services under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996, which for the time being is HDFC Bank Limited, Mumbai.
- VII. Day :** Any day (including Saturday, Sunday and holiday) as per English Calendar viz 365 days in a year.
- VIII. Debt Instruments :** Government securities, corporate debentures, bonds, promissory notes, money market instruments, pass-through obligations, asset backed securities / securitised debt and other possible similar securities.
- IX. Dividend :** Income distributed by the Mutual Fund on the units.
- X. Depository:** A body corporate as defined in the Depositories Act, 1996(22 of 1996).
- XI. Derivative :** Includes (i) a security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security; (ii) a contract which derives its value from the prices, or index of prices, of underlying securities.
- XII. Exchange/Market :** means recognized stock exchange(s) where the units of the Scheme are listed.
- XIII. FII:** Foreign Institutional Investors registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
- XIV. Financial Year :** A Financial Year shall be full English Calendar months viz. 12 months commencing from 1st April and ending on 31st March.
- XV. Government securities :** Securities created and issued by the Central Government or a State Government for the purposes of raising a public loan and having one of the forms specified in clause (2) of section 2 of the Public Debt Act, 1944.
- XVI. GOI :** Government of India.
- XVII. I. T. Act:** Income Tax Act, 1961 as amended from time to time.
- XVIII. IMA:** Investment Management Agreement dated 1st September, 1994 between JM Financial Trustee Company Private Limited and JM Financial Asset Management Private Limited as amended from time to time.
- XIX. Investor :** Any resident (person resident in India under the Foreign Exchange Management Act) or non-resident person (a person who is not a resident of India) whether an individual or not (legal entity) of FII or Person of Indian Origin, who is eligible to subscribe for Units under the laws of his/her/their state/country of incorporation, establishment, citizenship, residence or domicile and who has made an application for subscribing for Units under the scheme. Under normal circumstances, a Unitholder shall be deemed to be the investor.
- XX. JM Financial Mutual Fund or Fund:** JM Financial Mutual Fund, a mutual Fund constituted as a Trust under the provisions of the Indian Trust Act, 1882, bearing SEBI Registration No. MF/015/94/8 dated 15th September 1994.
- XXI. JM FMF – Series XIX :** means JM Fixed Maturity Fund Series XIX a Scheme to be listed on one or more Exchange(s).
- XXII. JM ISC :** Investor Service Center(s) of JM Financial Mutual Fund and of branches of Banks and / or AMC's / Registrar and Transfer Agent's service centres / Investor Service Centre authorized to receive application forms during ongoing offering and also redemption/switch requests as mentioned in this Scheme Information Document or appointed from time to time. These centres shall be regarded the "Official Points" of acceptance of transactions for subscription/redemption/switch and the cut-off timing for various transactions shall be reckoned at these Official Points.
- XXIII. New Fund Offer:** Offer of the Units of the Scheme during the New Fund Offer period.
- XXIV. New Fund Offer Period:** The dates on or the period during which the initial subscription to Units of the Scheme can be made i.e. on various dates as decided by the Trustee subject to the earlier closure or extension, if any, such offer period not being open for more than 15 days.
- XXV. NRI: Non-Resident Indian :** means a person resident outside India who is a citizen of India or is a person of Indian origin pursuant to the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000.
- XXVI. Load:** A charge that may be levied as a percentage of NAV at the time of entry into the Scheme or at the time of exiting from the Scheme.
- XXVII. NAV:** Net Asset Value of the Units of the Scheme calculated in the manner provided in this Scheme Information Document and in conformity with the SEBI Regulations as prescribed from time to time. The NAV will be computed upto four decimal places.
- XXVIII. Scheme Information Document:** This document issued by JM Financial Mutual Fund, offering Units of the Scheme.
- XXIX. Permissible Investments or Investments:** Collective or group investments made on account of the Unitholders in

accordance with the SEBI Regulations.

- XXX. Portfolio:** The portfolio of the schemes or plans of JM Financial Mutual Fund would include all Permissible Investments and cash.
- XXXI. RBI:** Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time.
- XXXII. Rating:** means an opinion regarding securities, expressed in the form of standard symbols or in any other standardized manner, assigned by a Credit Rating Agency and used by the issuer of such securities, to comply with any requirement of the SEBI (Credit Rating Agencies) Regulations, 1999.
- XXXIII. Registrar and Transfer Agent:** Karvy Computershare Private Limited, Hyderabad, currently acting as registrar and transfer agent to the Scheme, or any other registrar and transfer agent appointed by the AMC from time to time.
- XXXIV. Repo / Reverse Repo :** Sale / Purchase of Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase/resell them respectively at a later date.
- XXXV. Repurchase / Redemption Price:** Price at which the Units can be bought back / redeemed and will be calculated based on the applicable NAV of the plan.
- XXXVI. Scheme :** A scheme under JM Fixed Maturity Fund - Series XIX being offered by JM Financial Mutual Fund. The Scheme shall include multiple plans (including sub-plans) launched under JM Fixed Maturity Fund - Series XIX .
- XXXVII. SEBI Act:** Securities and Exchange Board of India Act, 1992 as amended from time to time.
- XXXVIII. SEBI or the Board:** The Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.
- XXXIX. SEBI Regulations or the Regulations :** The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time, and includes any amendments or clarifications and guidelines in the form of notifications or circulars or press releases issued from time to time by SEBI or any other statutory authority to regulate the operation and management of mutual funds.
- XL. Securities :** Include notes, bonds, debentures, debenture stock, warrants, etc., futures, options, derivatives, etc. or other transferable securities of a like nature in or of any incorporated company or other body corporate, Gilts/Government securities, Mutual Fund units, Money Market Instruments like Call Deposit, Commercial Paper, Treasury Bills etc. such other instruments as may be declared by GOI and/or SEBI and/or RBI and/or any other regulatory authority to be securities; and rights or interest in securities.
- XLI. Sponsor:** JM Financial Limited (the Sponsor of JM Financial Mutual Fund), a company incorporated and registered under the Companies Act, 1956 and includes its successors and assigns.
- XLII. Stock Lending:** Lending of securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio.
- XLIII. Switch :** Transfer of units of one Scheme/ plan/ option/ sub-option of JM Financial Mutual Fund to any of its other Schemes.
- XLIV. Trust Deed:** The registered Trust Deed dated 1st September, 1994 establishing the JM Financial Mutual Fund as amended from time to time.
- XLV. Trustee:** JM Financial Trustee Company Private Limited (the Trustee to the JM Financial Mutual Fund), a company incorporated and registered under the Companies Act, 1956 and includes the directors of the Trustee company, and its successors and assigns.
- XLVI. Trust Property:** Includes permissible investments and cash or any part thereof which may be converted or varied from time to time.
- XLVII. Units:** The interest of the Unitholders in the Plan(s) under the Scheme, which consists of each unit representing one undivided share in the assets of the Plan(s) under the Scheme.
- XLVIII. Unit holder:** A person holding Units in the Scheme of the Fund.

#### INTERPRETATION

- For all purposes of this Scheme Information Document, except as otherwise expressly provided or unless the context otherwise requires
  - (a) the terms defined in this Scheme Information Document include the plural as well as the singular and

(b) pronouns having a masculine or feminine gender shall be deemed to include the other.

- Words and expressions used herein but defined in the SEBI Act, 1992 or the SEBI Regulations shall have the meanings respectively assigned to them therein.

#### **E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

The Asset Management Company shall confirm that a Due Diligence Certificate duly signed by the Compliance Officer/Chief Executive Officer/Managing Director/Whole time Director/Executive Director of the Asset Management Company has been submitted to SEBI, which reads as follows:

It is confirmed that:

- (i) the draft Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- (ii) all legal requirements connected with the launching of the scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- (iii) the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.
- (iv) the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

**Place: Mumbai**  
**Date: 29/09/2010**

**Signed: sd/-**  
**Diana D'sa**  
**Designation: Compliance Officer**

## II. INFORMATION ABOUT THE SCHEME

### A. TYPE OF THE SCHEME – A Close Ended Income Fund Offering Fixed Maturity Plans

### B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

#### Investment Objective

A close ended income scheme comprising various plans seeking to generate regular returns through investments in fixed income securities maturing on or before the date of the maturity of the scheme.

### C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

Under normal circumstances, the asset allocation for each of the plans under the Scheme will be as follows:

| Instruments  | Indicative allocations<br>(% of total assets) |         | Risk Profile |
|--|---|---------|--------------|
|  | Maximum                                       | Minimum |              |
| Government securities, Debt and Money Market securities (including fixed income derivatives) | 100   | 0       | Medium       |

Investment in fixed income derivatives at level of each portfolio shall be within the limits specified by SEBI from time to time. The cumulative gross exposure through debt and derivative positions will not exceed 100% of the net assets of concerned plan of the Scheme.

Any deviations from the asset allocation pattern would be only for defensive considerations and will be rebalanced within one month. The Investment Advisory Committee will be kept informed in case the portfolio is not rebalanced within the aforesaid time frame.

In terms of SEBI circular No. 12/147132/08 dated December 11, 2008, plans under the scheme shall invest only in such a securities which mature on or before the date of the maturity of concerned plan of the scheme.

The Trustee may, from time to time, pending deployment of funds of plans under the Scheme in securities in terms of the investment objective of the Scheme, invest the funds of the Scheme in short-term deposits of scheduled commercial banks subject to compliance with SEBI Circular SEBI/IMD/CIR No.1/91171/07 dated April 16, 2007 as amended by SEBI Circular SEBI/IMD/CIR No.7/1 29592/08 dated June 23,2008.

### D. WHERE WILL THE SCHEME INVEST?

The corpus of the Scheme will be invested in debt and money market instruments (investment grade). Subject to the Regulations, the corpus of the Scheme can be invested in any of the following securities:

- Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
- Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
- Debt obligations of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee.
- Corporate debt and securities (of both public and private sector undertakings) including Bonds, Debentures, Notes, Strips, etc.
- Obligations of banks (both public and private sector) and development financial institutions.
- Money market instruments permitted by SEBI/RBI.
- Certificate of Deposits (CDs).
- Commercial Paper (CPs).
- The non-convertible part of convertible securities.
- Any other domestic fixed income securities as per the extant Regulations
- Pass through, Pay through or other Participation Certificates representing interest in a pool of assets including receivables.
- Any other like instruments as may be permitted by RBI / SEBI / such other regulatory authority from time to time.
- The Plan / Scheme may also use various fixed income derivatives and hedging products like interest swap (including interest rate futures) etc. from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest.

The securities mentioned above and such other securities the Scheme is permitted to invest could be listed, unlisted, IPO's, secondary market operations, privately placed, rights offers or negotiated deals, secured, unsecured, rated or un-rated and of any maturity.

The Fund can invest in securities that are rated by CRISIL and ICRA and other independent credit rating agencies.

### Overview of Debt and Money Markets in India

The Indian debt market is the largest segment of the Indian financial markets. The Indian Debt Market has grown in size substantially over the years. The debt market comprises broadly two segments, viz., Government securities Market and corporate debt market. Government securities include, T Bills, Gsec, etc. Corporate debt securities include CPs, CDs, Non-Convertible Debentures (NCDs), etc. The Government Securities market plays a vital role in the Indian economy as it provides the benchmark for determining the level of interest rates

The debt securities are mainly traded over the telephone directly or through brokers. The National Stock Exchange of India has a separate trading platform called as Wholesale Debt Market segment. RBI has introduced the Negotiated Dealing System (NDS) platform for screen-based trading in Government Securities and Money Market instruments. Most of the market participants are now operating through NDS. The CCIL facilitates settlement of all trades executed through NDS. With introduction of CCIL various Counter party Credit Risk and Operational Risk have reduced, leading to smooth settlement process.

### Current scenario

In light of persistently high inflation and elevated inflationary expectations, RBI has hiked the policy rates for the fifth time in the current financial year and signalled that the next rate action may be some time away. The Central bank raised the Repo and Reverse repo rates by 25 bps each in the Second Quarter Review of Monetary Policy. RBI has stated that at current levels on policy rates, we are close to neutral levels. Further RBI moves on monetary action will depend on impending macro economic data. The benchmark 10-year Gsec is expected to move in the range of 7.80% - 8.10% in the near term. Expectations of moderation in economic data and RBI's calibrated approach in tightening the monetary cycle will keep a cap on sharp rise in yields. Government efforts to rein in fiscal deficit will clearly act as a positive in the medium term for the bond market. Domestic liquidity situation is expected to remain tight to neutral on RBI stance to generate liquidity conditions consistent with more effective transmission of policy actions. Systemic liquidity continues to be deficit. As a result money market yields have moved up significantly.

### Current Market levels as on November 30, 2010

| Type of instruments | Maturity of the instruments | Current yields |
|---------------------|-----------------------------|----------------|
| CPs & CDs           | 3 months to 12 months       | 8.75% to 9.10% |
| NCD                 | 1 year to 2 years           | 8.90% to 9.50% |

### POLICY AND SPECIAL CONSIDERATION ON INVESTMENT IN DERIVATIVES AND HEDGING PRODUCTS

The Scheme may take derivatives position in the fixed income and equity markets based on the opportunities available subject to the guidelines provided by SEBI from time to time and in line with the overall investment objective of the Scheme.

#### Fixed Income Derivatives

Generally, interest rate swaps involve exchange of a fixed rate to a floating rate of interest or vice versa. These are known as Plain Vanilla Swaps. The RBI has currently allowed only these swaps in the Indian market. An interest rate swap agreement (as per guidelines issued by RBI on 7th July 1999 and 1st November 1999) from fixed rate to floating rate will be an effective hedge for portfolio in a rising interest rate environment.

#### Interest Rate Swaps (IRS)

An IRS is an agreement between two parties to exchange stated interest obligations for an agreed period in respect of a notional principal amount. The most common form is a fixed to floating rate swap where one party receives a fixed (pre-determined) rate of interest while other receives a floating (variable) rate of interest.

#### Forward Rate Agreement (FRA)

A FRA is basically a forward starting IRS. It is an agreement between two parties to pay or receive the difference between an agreed fixed rate (the FRA rate) and the interest rate (reference rate) prevailing on a stipulated future date, based on a notional principal amount for an agreed period. The only cash flow is the difference between the FRA rate and the reference rate. As is the case with IRS, the notional amounts are not exchanged in FRAs.

#### Basic structure of a Swap

Assume that the Scheme has a ₹ 20 crore floating rate investment linked to MIBOR (Mumbai Inter Bank Offered Rate). Hence, the Scheme is currently running an interest rate risk and stands to lose if the interest rate moves down. To hedge this interest rate risk, the Scheme can enter into a 6 month MIBOR swap. Through this swap, the Scheme will receive a fixed predetermined rate (assume 12%) and pays the "benchmark rate" (MIBOR), which is fixed by the National Stock Exchange of India limited (NSE) or any other agency such as Reuters. This swap would effectively lock-in the rate of 12% for the next 6 months, eliminating the daily interest rate risk. This usually routed through an intermediary who runs a book and matches deals between various counterparties.

#### The steps will be as follows :

- Assuming the swap is for ₹ 20 crore June 1, 2007 to December 1, 2007. The Scheme is a fixed rate receiver at 12% and the counterparty is a floating rate receiver at the overnight rate on a compounded basis (say NSE MIBOR).
- On June 1, 2007 the Scheme and the counterparty will exchange only a contract of having entered this swap. This



documentation would be as per International Swap Dealers Association (ISDA). On a daily basis, the benchmark rate fixed by NSE will be tracked by them.

- On December 1, 2007 they will calculate the following –
- The Scheme is entitled to receive interest on ₹ 20 crore at 12% for 184 days i.e. ₹ 1.21 crore, (this amount is known at the time the swap was concluded) and will pay the compounded benchmark rate.
- The counterparty is entitled to receive daily compounded call rate for 184 days & pay 12% fixed.
- On December 1, 2007, if the total interest on the daily overnight compounded benchmark rate is higher than ₹ 1.21 crore, the Scheme will pay the difference to the counterparty. If the daily compounded benchmark rate is lower, then the counterparty will pay the Scheme the difference.
- Effectively the Scheme earns interest at the rate of 12% p.a. for six months without lending money for 6 months fixed, while the counterparty pays interest @ 12% p.a. for 6 months on ₹ 20 crore, without borrowing for 6 months fixed.

The above example illustrates the benefits and risks of using derivatives for hedging and optimizing the investment portfolio. Swaps have their own drawbacks like credit risk, settlement risk, etc. However, these risks are substantially reduced as the amount involved is interest streams and not principal.

#### **Valuation of Derivative Products:**

- a) The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the SEBI Regulations, as amended from time to time.
- b) The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the SEBI Regulations as amended from time to time.

The Trustee shall offer its comments on the above aspects in the report filed with SEBI under sub-regulation (23) (a) of Regulation 18 of the Regulations.

#### **E. WHAT ARE THE INVESTMENT STRATEGIES?**

**INVESTMENT STRATEGY:** The schemes objective would be to achieved by investing in a portfolio of fixed-income / debt securities that are generally in line with the maturity of the scheme. This will be based on the principle of ensuring Asset Liability match. The fund manager will endeavor to deploy the investments in the scheme (investments) in such a way so as to coincide with the tenor of the scheme for which unit capital is received from the investors.

As mentioned in the asset allocation pattern, the Scheme may invest upto 100% in short term debt securities and / or money market instruments. The exposure to short term debt securities and money market instruments within the overall limit of 100% may be changed by the AMC depending on market conditions. However, the Scheme is not a money market mutual fund Scheme. The main aim of changing the weightages of short term debt securities and money market instruments will be to protect the interests of the unitholders and for short term defensive considerations

The investment policies will be in conformity with the provisions of various constitutional documents viz. MOA / AOA of the AMC / Trustee, IMA and the Trust Deed.

On occasions, if deemed appropriate, the Plan / Scheme will invest in securities sold directly by the issuer, or acquired in a negotiated transaction. The moneys collected under this Plan / Scheme shall be invested only in transferable securities in the money market or in the capital / debt market or in privately placed debentures or in Government securities.

As per SEBI Regulations, the Plan/ Scheme shall not make any investments in any unlisted securities of associate/ group companies of the Sponsors. The Plan / Scheme will also not make investment in privately placed securities issued by associate / group companies of the Sponsor. The Plan / Scheme may invest not more than 25% of the net assets in listed securities of Group companies.

JM Fixed Maturity Fund – Series XIX will seek to invest in debt and money market instruments. The Scheme aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, rigorous in depth credit evaluation of the securities proposed to be invested in will be carried out by the investment team of the AMC. Rated debt instruments in which the Scheme invests will be of investment grade as rated by a credit rating agency. The AMC will be guided by the ratings of rating agencies such as CRISIL, CARE, ICRA and Duff and Phelps Credit Rating India Limited or any other rating agencies that may be registered with SEBI from time to time. In case a debt instrument is not rated, necessary clearance of the Committee/ Boards as per requirements of Regulations / Guidelines / Circulars will be obtained for such an investment.

##### **(i) Scientific approach to investment**

The Mutual Fund adopts a scientific approach to investments. Securities are selected for various schemes by the fund managers based on a continuous study of trends in industries and companies, including management capabilities, global competitiveness, earning power, growth / payout features and other relevant investment criteria, which would, inter-alia include evaluation of the outlook of the economy, exposure to various industries and geographical regions, evaluation of the intrinsic worth of specific opportunities such as primary market transactions, private placements etc.

##### **(ii) Liquidity Management**

The Fund Manager may invest in short term deposits of scheduled commercial banks pending deployment of funds. The Scheme may also keep a portion in cash or near cash in meeting the expenses of the Scheme.

##### **(iii) Mode of Investment**



The securities in which the investment manager may invest would be through primary as well as secondary market, private placement etc. These securities may be those listed on various stock exchanges as well as unlisted securities.

**(iv) Procedure for taking investment decisions**

The investment policy of the AMC has been determined by the Investment Advisory Committee (“IAC”) which has been ratified by the Boards of the AMC and Trustee. At the strategic level, the broad investment philosophy of the AMC and the authorised exposure limits are spelt out in the Investment Policy of the AMC. During trading hours, the Fund Managers have the discretion to take investment decisions for the Scheme within the limits defined in the Investment Policy, these decisions and the reasons thereof are communicated to the CEO for post facto approval.

The designated Fund Manager of the Scheme will be responsible for taking day-to-day investment decisions and will inter-alia be responsible for asset allocation, security selection and timing of investment decisions.

**PORTFOLIO TURNOVER POLICY:**

The AMC as such does not have a policy statement on portfolio turnover for Scheme. However, the general portfolio management style is biased towards maintaining a low portfolio turnover rate. In the debt market, trading opportunities may arise due to changes in interest rate policy announced by the Reserve Bank of India, shifts in the yield curve, credit rating changes or any other factors where in the opinion of the fund manager there is an opportunity to enhance the total return of the portfolio. Since the investments would nearly match the maturity profile of the respective plans, the consequent brokerages and transactions costs would be low.

**POLICY ON INTER SCHEME INVESTMENTS**

The Scheme may invest in other Schemes managed by the AMC or in the Schemes of any other Mutual Funds, provided it is in conformity to the investment objectives of the investor Scheme and in terms of the prevailing SEBI Regulations. As per the SEBI Regulations, no investment management fees will be charged for such investments and the aggregate inter Scheme investment made by all Schemes of JM Financial Mutual Fund or in the Schemes under the management of other asset management companies shall not exceed 5% of the net asset of the Mutual Fund.

**IMPORTANT**

It must be clearly understood that the above referred portfolio strategies are not absolute, and that they can vary substantially depending upon the Trustee’s perception as to whether the stock/debt market is in an overheated state or has fallen well below a level they consider appropriate taking into account the factors prevailing at that time, the intent being to protect the Unitholders interest, especially the NAV of the Fund.

The Trustee may, from time to time, at its’ absolute discretion review and modify the strategy, provided such modification is in accordance with SEBI Regulations.

**F. FUNDAMENTAL ATTRIBUTES**

Following are the Fundamental Attributes of the scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

**(i) Type of a scheme**

- A Close Ended Income Fund Offering Fixed Maturity Plans

**(ii) Main Objective** - A close ended income scheme comprising various plans seeking to generate regular returns through investments in fixed income securities maturing on or before the date of the maturity of the scheme.

- **Investment pattern** -

**ASSET ALLOCATION PATTERN**

Under normal circumstances, the asset allocation for each of the plans under the Scheme will be as follows:

| Instruments  | Indicative allocations (% of total assets) |         | Risk Profile |
|--|--|---------|--------------|
|  | Maximum                                    | Minimum |              |
| Government securities, Debt and Money Market securities (including fixed income derivatives) | 100  | 0       | Medium       |

Investment in fixed income derivatives at level of each portfolio shall be within the limits specified by SEBI from time to time. The cumulative gross exposure through debt and derivative positions will not exceed 100% of the net assets of concerned plan of the Scheme.

Any deviations from the asset allocation pattern would be only for defensive considerations and will be rebalanced within one month. The Investment Advisory Committee will be kept informed in case the portfolio is not rebalanced within the aforesaid time frame.

In terms of SEBI circular No. 12/147132/08 dated December 11, 2008, plans under the scheme shall invest only in such a securities which mature on or before the date of the maturity of concerned plan of the scheme.

The Trustee may, from time to time, pending deployment of funds of plans under the Scheme in securities in terms of the investment objective of the Scheme, invest the funds of the Scheme in short-term deposits of scheduled commercial

banks subject to compliance with SEBI Circular SEBI/IMD/CIR No.1/91171/07 dated April 16, 2007 as amended by SEBI Circular SEBI/ IMD/CIR No.7/1 29592/08 dated June 23,2008.

#### Changes in asset allocation pattern

Subject to the SEBI Regulations, the asset allocation pattern and maturity profile indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. The changes in the investment pattern will be in conformity with the investment objectives and basic nature of the scheme and asset allocation can be altered only for a short term period on defensive considerations.

Provided further and subject to the above, any change in the asset allocation pattern affecting the investment profile of the Scheme shall be effected only in accordance with the provisions of sub-regulation 15A of Regulation 18 of the SEBI (MF) Regulations as detailed later in this Scheme Information Document.

#### Credit Quality Breakup of Debt Investment:

The scheme will invest predominantly in rated debt (above investment grade). Thus most of the investments will fall in the rating categories AAA (highest safety), AA (high safety), A (moderate safety) and BBB (moderate safety).

| JM Fixed Maturity Fund - Series XIX |               |
|-------------------------------------|---------------|
| Debt breakup pattern                | % Investments |
| AAA                                 | Upto 100%     |
| AA+/AA/AA-                          | Upto 100%     |
| A+/A/A-                             | Upto 100%     |
| BBB+/BBB                            | Upto 100%     |
| <b>Total</b>                        | <b>100%</b>   |

#### (iii) Terms of Issue

##### Purchase/Redemption of Units

The units of the plan under the scheme will be listed on the National Stock Exchange of India Ltd. (NSE). However the Trustees reserve the right to list the units of the Plan on any other Stock Exchange.

Since units are proposed to be listed on the NSE, an investor can buy/sell units of the Plan under the Scheme on a continuous basis on the NSE and/or other recognized stock exchanges where units may be listed. The requirement of minimum investment will not be applicable on listing of units. As the trading lot for the units under JM FMP Fund - Series XIX post NFO is one unit, the AMC would refund/pay the remaining amount for which units cannot be allotted in whole number out of the investments made through fresh purchases and inter-scheme switches .

Investors can purchase units at market prices, which may be at a premium/discount to the NAV of the scheme depending upon the demand and supply of units at the exchanges. Buying / Selling units on the stock exchange is just like buying / selling any other normal listed securities. If an investor has bought units, an investor has to pay the purchase amount to the broker /sub-broker such that the amount paid is realised before the funds pay-in day of the settlement cycle on the exchange. If an investor has sold units, an investor has to deliver the units to the broker/sub broker before the securities pay-in day of the settlement cycle on the exchange.

Unitholders in a Plan can redeem their investments on the date of maturity of that plan at the applicable NAV. Please note that if any maturity day falls on a non-business day, the Plan will mature on the next business day.

On maturity of a Plan, the maturity pay-out will normally be effected on the day immediately following the maturity day. However, if the maturity pay-out day falls on a non-business day, then the maturity day will be extended appropriately to ensure that both the maturity day and the pay-out day are continuous business days.

The Units of the Plan are proposed to be listed on National Stock Exchange of India and Units may be listed on such other stock exchange(s) as may be decided from time to time. In case of units held in physical form, the Fund will endeavour to dispatch the maturity cheque/draft within 10 Business Days from the date on which the maturity transaction is affected. In case units are held in Demat form, maturity/dividend proceeds will be credited into investor's account through their DP.

##### Transfer

Units held by way of an Account Statement cannot be transferred. Units held in Demat form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. Transfer can be made only in favour of transferees who are capable of holding units and having a Demat Account. The delivery instructions for transfer of units will have to be lodged with the DP in requisite form as may be required from time to time and transfer will be effected in accordance with such rules / regulations as may be in force governing transfer of securities in dematerialized mode.

##### Listing

The Regulations require that every close-end scheme (except Equity Linked Saving Scheme) be mandatorily listed on

a recognised stock exchange. The Fund intends to list on either National Stock Exchange of India Ltd. or Bombay Stock Exchange Ltd. or both the Stock Exchanges. Investors will not be able to redeem their units during the tenor of the Scheme and there will be redemption by the fund on the maturity of the Scheme. However the units held in dematerialized form can be traded on the Stock Exchange.

**Aggregate fees and expenses charged to the scheme:**

The estimated maximum recurring expenses that can be charged to a plan launched under the Scheme, on an annual basis are given below :

| Particulars (as a % of Applicable NAV)   | JM Fixed Maturity Fund - Series XIX |
|--|-------------------------------------|
| Investment Management & Advisory Fee   | 1.25 %                              |
| Trustee Fee  | 0.05 %                              |
| Marketing and Selling Expenses   | 0.55 %                              |
| Custodian Expenses   | 0.20 %                              |
| Registrar and Transfer Agent Fee, Audit Fee and other expenses permitted under Regulation 52(4)(b) | 0.20 %                              |
| <b>TOTAL</b>   | <b>2.25 %</b>                       |

Listing fees shall be a permissible expense to be charged under Regulation 52(4).

The above estimates are made based on the minimum subscription (target) amount of ₹ 1 crore. The purpose of the above table is to assist the investor in understanding the various costs and expenses that an investor in the Scheme will bear directly or indirectly. While this estimate has been made in good faith on the basis of information available with the Fund, there can be no assurance that actual expense, under any particular head will not be more or less than such estimate. The AMC reserves the rights to revise the fees payable to the service providers from time to time. The total expenses, however, will be maintained within the limits mentioned under Regulation 52 (6) of SEBI Regulations.

As per the Regulations, the maximum recurring expenses including investment management and advisory fee that can be charged to the Scheme shall be subject to a percentage limit of weekly net assets as in the table below:

| First ₹ 100 crore | Next ₹ 300 crore | Next ₹ 300 crore | On the balance assets |
|-------------------|------------------|------------------|-----------------------|
| 2.25%             | 2.00%            | 1.75%            | 1.50%                 |

Subject to the overall ongoing fees and expenses which would be charged to the Scheme not exceeding the limit laid down under Regulation 52(6) [as reproduced above], the AMC will charge to the Scheme the Government levies in the form of any charges or applicable taxes including applicable surcharge either presently payable or which may be imposed in future. Currently, the Government has imposed Service Tax of 10% on the Management and Trustee Fees , education cess of 2% and, secondary & higher education cess of 1% on Service Tax which would be charged to the Scheme subject to the overall expenses charged to the Scheme do not exceed the limits laid down under Regulation 52(6).

**Any safety net or guarantee provided:**

No guarantee has been provided

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustees shall ensure that no change in the fundamental attributes of the Scheme(s) and the Plan(s) / Option(s) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) thereunder and affect the interests of Unitholders is 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 as well as 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 for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

**G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE ?**

The performances of the schemes of the Mutual Fund are reviewed by the Investment Advisory Committee (“IAC”) as well as the Boards of the AMC and Trustee periodically. The IAC is operational at the AMC level and has majority representation from the independent Directors. Monthly reports on the performance of the schemes with appropriate benchmark indices are also sent to the Directors of the AMC and Trustee and also with the relative performance of the schemes of other mutual funds schemes in the same category which is placed with the Boards of the AMC and Trustee. Further,

Benchmark index for each plans of the Scheme depending on maturity of the concerned plan will be as follows:

| Tenure of the Plan                        | Benchmark                    |
|---|------------------------------|
| Less than 91 days                         | Crisil Liquid Fund Index     |
| 91 daya or more but less than three years | Crisil Short Term Bond Index |

In terms of SEBI Circular No. MFD/CIR/01/ 071/02 dated 15th April 2002 the AMC and Trustee may change the benchmark index or select an additional benchmark index after recording adequate justification for carrying out such change. However, change of benchmark index and / or selecting additional benchmark indices would be done in complete compliance of the relevant guidelines of SEBI in this regard. Further, in terms of SEBI Circular No. MFD/CIR/16/400/02 dated 26th March 2002 the performance of Fund will be benchmarked and reviewed at every meeting of the Boards of the AMC / Trustee.

**Note:** The Mutual Fund/ AMC and its empanelled brokers have not given and shall not give any indicative portfolio and indicative yield in any communication, in any manner whatsoever. Investors are advised not to rely on any communication regarding indicative yield/ portfolio with regard to the Scheme.

#### H. WHO MANAGES THE SCHEME?

The Fund Manager for the Scheme is Ms. Shalini Tibrewala, whose details are as set out below.

|                                      |  |   |
|--------------------------------------|--|---|
| Ms. Shalini Tibrewala - Fund Manager | <b>B.Com, A.C.A., C.S.</b><br><b>Age: 38 years</b> | She has over 14 years of experience in the financial services sector. She has been with the Fund for over 11 years and is responsible for managing the JM High Liquidity Fund, JM MIP Fund, various Series under JM Fixed Maturity Fund, JM Money Manager Fund and she has been also managing the JM G-Sec Fund, JM Income Fund and JM Short Term Fund as Joint Fund Manager. Prior to joining the AMC, she was working with a firm of Chartered Accountants. |
|--------------------------------------|--|---|

#### I. WHAT ARE THE INVESTMENT RESTRICTIONS?

The relevant restrictions applicable to the Scheme of the Fund as per the Seventh Schedule of SEBI Regulations are as follows:

1. The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer which are rated not below investment grade by a Credit Rating Agency authorized to carry out such activity under the Act. Such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Boards of Trustee and AMC. Provided that such limit shall not be applicable for investments in government securities and money market instruments. Provided further that no mutual fund scheme shall invest more than 30% of its net assets in money market instruments of an issuer: Provided further that the limit specified in the second proviso shall not be applicable for instruments in Government Securities, T-Bills and Collateralised Borrowing and Lending Obligations. Provided further that investment within such limit can be made in mortgaged backed securities which are rated not below investment grade by a credit rating agency registered with SEBI.
2. Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1A of Seventh Schedule to the Regulations.
3. No Mutual Fund under all its schemes taken together should own more than ten per cent of any company's paid up capital carrying voting rights.
4. A mutual fund scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the scheme. All such investments shall be made with the prior approval of the Boards of Trustee and AMC.
5. No Mutual Fund scheme shall invest more than 10% of its NAV in the listed equity shares or listed equity related instruments of any company or listed units/securities of venture capital funds Provided that the limit of 10% shall not be applicable for investments in index scheme or sector or industry specific scheme.
6. A Mutual Fund scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments of any company or unlisted units/securities of venture capital funds in case of open ended scheme.
7. The Scheme may invest in another scheme under the same asset management company or any other mutual fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management or in

schemes under the management of any other asset management company shall not exceed 5% of the NAV of the mutual fund.

8. No scheme of a mutual fund shall make any investment in any fund of funds scheme.
9. Every mutual fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:  
Provided that a mutual fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the Board:  
Provided further that a mutual fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the Board.  
Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.
10. Every mutual fund shall get the securities purchased or transferred in the name of the mutual fund on account of the concerned scheme, wherever investments are intended to be of long-term nature.
11. Pending deployment of funds of a scheme in terms of investment objectives of the scheme, a mutual fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board.
12. The Scheme shall not make any investment in : a) Any unlisted security of an associate or group company of the Sponsor; or b) Any security issued by way of private placement by an associate or group company of the sponsor; or c) The listed securities of group companies of the Sponsor which is in excess of 25% of the assets.
13. Interscheme transfers of investments from one scheme to another scheme in the same Mutual Fund shall be allowed only if -Such transfers are done at the prevailing market price for quoted instruments on spot basis  
Explanation -“**Spot basis**” shall have same meaning as specified by stock exchange for spot transactions.
14. The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
15. The Mutual Fund having an aggregate of securities which are worth ₹10 crores or more, as on the latest balance sheet date, shall subject to such instructions as may be issued from time to time by SEBI, settle their transactions entered on or after January 15, 1998 only through dematerialised securities. Further, all transactions in government securities shall be in dematerialised form.

The Scheme will comply with SEBI regulations and any other Regulations applicable to the investments of Funds from time to time. The Trustee may alter the above restrictions from time to time to the extent that changes in the regulations may allow. All investment restrictions shall be applicable at the time of making investment.

The sectors/stocks in the Scheme may undergo a change in line with market conditions.

The Fund can invest in securities that are rated by CRISIL and ICRA and other independent credit rating agencies.

#### **STOCK LENDING BY THE MUTUAL FUND**

Subject to the SEBI Regulations as applicable from time to time, the Fund may, if the Trustee permits, engage in Stock Lending. Stock Lending means the lending of securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio. The securities lent will be returned by the borrower on the expiry of the stipulated period. The AMC will adhere to strict limits should it engage in Stock Lending.

1. Not more than 25% of the net assets of the Scheme can generally be deployed in Stock Lending.
2. Not more than 5% of the net assets of the Scheme can generally be deployed in Stock Lending to any single counter party.

The Fund may not be able to sell such lent out securities and this can lead to temporary illiquidity.

#### **INVESTMENT BY AMC**

The AMC and investment companies managed by the Sponsor(s), their affiliates, their associate companies and subsidiaries may invest either directly or indirectly in the Schemes. The AMC shall not charge any fees on investment made by it in the units of the Schemes in accordance with sub-regulation 3 of Regulation 24 of the Regulations and shall charge fees on such amounts in future only if the SEBI Regulations so permit. The maximum amount the AMC can invest in any of the schemes shall be its networth. The affiliates, associates, the Sponsor, subsidiaries of the Sponsor and/or the AMC may acquire a substantial portion of the Scheme's units and collectively constitute a major investment in the Schemes. The AMC reserves the right to invest its own funds in the Scheme as may be decided by the AMC from time to time.

## J. HOW HAS THE SCHEME PERFORMED?

This scheme is a new scheme and does not have any performance track record. NIL

## III. UNITS AND OFFER

This section provides details you need to know for investing in the scheme.

### A. NEW FUND OFFER (NFO)

|   |   |
|---|---|
| <p><b>New Fund Offer Period</b></p> <p>This is the period during which a new scheme sells its units to the investors.</p>   | <p><b>NFO opens on: 14/03/2011</b></p> <p><b>NFO closes on: 22/03/2011</b></p> <p>The Trustee may close subscription list earlier by giving at least one day's notice in one daily national newspaper.</p> <p>The Trustee reserves the right to prepone or extend the closing date for the New Fund Offer Period subject to the condition that the New Fund Offer shall not be kept open for more than 15 days.</p>                       |
| <p><b>New Fund Offer Price:</b></p> <p>This is the price per unit that the investors have to pay to invest during the NFO.</p>  | <p>₹ 10</p>   |
| <p><b>Minimum Amount for Application in the NFO</b></p>   | <p>Subscription by the Unit holder under each Plan should be for a minimum investment ₹ 5,000/- only in the Plan for each option and in multiples of ₹ 10/- thereafter.</p> <p>However, there is no upper limit for investment.</p>   |
| <p><b>Minimum Target amount</b></p> <p>This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any interest.</p> | <p>The Fund seeks to raise a minimum subscription amount of ₹ 1 crore under each of the plans under the Scheme during the New Fund Offer period of the respective plan under the Scheme.</p>  |
| <p><b>Maximum Amount to be raised (if any)</b></p> <p>This is the maximum amount which can be collected during the NFO period, as decided by the AMC.</p>   | <p>No Maximum Limit</p>   |
| <p><b>Plans / Options offered</b></p>   | <p>Various plans under the Scheme offers investors two investment options: (i) Growth option and (ii) Dividend payout option.</p> <p>The plans under the Scheme will have a separate portfolio. However, the options under each plan will have a common portfolio.</p>  |
| <p><b>Default options</b></p>   | <p>Investors are requested to indicate their preference while investing in the plan / sub-plan. If an investor fails to specify his preference, he shall be deemed to have opted to select the Growth option in case scheme is having maturity of one year or more and in case it is less than one year than the default option shall be dividend option. Under the dividend option, investors will have dividend payout option only.</p> |

|                        |  |
|------------------------|--|
| <p>Dividend Policy</p> | <p><b>DIVIDENDS SHALL BE DECLARED AT THE DISCRETION OF THE TRUSTEE SUBJECT TO AVAILABILITY OF DISTRIBUTABLE SURPLUS.</b></p> <p>Dividends if declared will be paid to the Unit holders appearing in the Register of Unit holder on the Record Date. In case the Record Date falls on a non Business Day, the immediately following Business Day shall be the Record Date.</p> <p>An investor of record for the purpose of dividend is an investor who is a Unitholder as of the date when dividend is declared.</p> <p>The Fund does not guarantee or assure declaration or payment of dividend. Although, the Trustee has the intention to declare dividend under the dividend options, such declaration of dividend, if any, is subject to the Scheme's performance and the availability of distributable surplus in the Scheme at the time of declaration of such dividend. Under the Growth option, the earnings will be retained and reflected in the NAV and not distributed.</p> <p>On payment of dividend, the NAV will stand reduced by the amount of dividend and dividend tax (if an as applicable) paid.</p> |
| <p>Allotment</p>       | <p>Allotment will be done within 5 business days from date of closure of subscription period during New Fund Offer. Account Statement/refund warrants (if any) will be mailed within 5 business days from the date of closure of the subscription list.</p> <p>The Account Statements shall be non-transferable.</p> <p>Upon allotment, an Allotment Advice will be sent by ordinary post to each unit-holder, stating the number of units allotted, not later than 5 business days from the close of New Fund Offer Period and the units will be credited to the DP account of the application as per the details provided in the application form in case the investor wishes to receive the units in demat mode.</p>  |



In case of those unit holders, who hold units in physical form, an Account Statement reflecting the net balance of the Unitholder will be mailed to the Unitholder by ordinary post /courier / email after every financial transaction is effected, except in unforeseen circumstances (Financial Transaction would mean Dividend declaration, if any and redemption at maturity). The Account Statement shall not be construed as a proof of title and is only a computerprinted statement indicating the details of transactions under the Scheme. Under normal circumstances on an on-going basis, an Account Statement reflecting the holdings will be despatched to those unit holders, who hold units in physical form normally within 3 Business Days of acceptance of the valid request for the Scheme. Provided that the Mutual Fund / Trustee / AMC reserves the right to reverse the transaction of crediting Units in the Unitholder's account, in the event of non- realisation of any cheque or other instrument remitted by the investor.

In case, an investor has provided his e-mail ID in the application form or any subsequent communication, in any of the folio(s) belonging to him/her, the Asset Management Company ("AMC") reserves the right to use such e-mail ID as a default mode of communication to the investor including sending of account statements for the new and existing investments for folio(s)/ investor(s) concerned. However, the AMC or Registrar & Transfer Agent will, on receipt of specific request, endeavour to provide the physical account statement to the investor within 5 business days from the receipt of such request, in terms of SEBI circular No. IMD/ CIR/12/80083/2006 dated November 20, 2006, on a case to case basis.

The Unitholders, who hold units in physical form, may request for an account statement at any time during the tenor of the scheme by writing to the AMC Centres. Unitholders are requested to provide their email ids for receipt of all correspondences including account statements using e-mail as the mode of communication. Should the Unitholder experience any difficulty in accessing the electronically delivered Account Statement, the Unitholder shall promptly advice the Mutual Fund to enable the Mutual Fund to make the delivery through alternate means. Failure to advice the Mutual Fund of such difficulty within 24 Hours after receiving the e-mail would serve as an affirmation regarding the acceptance by the Unitholder of the Account Statement.

Allotment is assured to all applicants provided the applications are received during business hours (and the cheque accompanying the application form is realized), are complete in all respects and in order. An offer to purchase units is not binding on, and may be rejected by AMC, until it has been confirmed through an Account/ Transaction Statement and payment has been received. The Unitholder will be assigned an account number where the number of units allotted to a unitholder or repurchased by a unitholder will be reflected and a statement/advice to this effect will be issued to the unitholder.

It may be noted that in respect to purchase of units with amount equal to or more than ₹ 1 crore, the application may not be processed if the funds are not available for utilization on the last day of NFO period.

An Account or Transaction Statement reflecting the unit balance of the unitholder will be mailed to the unitholder by ordinary post, after every financial transaction is effected. In the interest of investors, the Mutual Fund shall provide Account Statements to those unit holders who have not transacted during the last six months prior to the date of generation of account statements. The account statements in such cases will be generated and issued along with the Portfolio Statement or Annual Report of the scheme. The account statement will reflect the latest closing balance and value of the units prior to the date of generation of the account statement. Further, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated. in case investor has provided his e-mail ID. The Account Statement is a computer generated statement and is a non transferable document which will indicate the details of transactions under the scheme.

In case of units held in demat mode, the Allotment Advice will be issued in the name of the beneficiary and will carry the name of the investor. The AMC shall issue units in dematerialized form to a unitholder in a close ended scheme listed on a recognised stock exchange within two business days of the receipt of request from the unitholder.



|  |   |
|--|---|
| <p>Refund</p>  | <p>If application is rejected, full amount will be refunded within 5 business day of closure of NFO. The AMC shall pay interest to the unitholders at the rate of 15% per annum in case of delay in refunding the amount for the period of delay beyond 5th business day.</p>   |
| <p>Who can invest<br/>This is an indicative list and investors are requested to consult their financial advisor to ascertain whether the scheme is suitable to their risk profile.</p> | <p>The following persons (subject to, wherever relevant, purchase of units of mutual funds being permitted under respective constitutions, and relevant statutory regulations) are eligible and may apply for subscription to the Units of the Scheme.</p> <ul style="list-style-type: none"> <li>• Resident adult individuals, either singly or jointly (not exceeding three)</li> <li>• Parents/Lawful Guardian on behalf of Minors</li> <li>• Hindu Undivided Family (HUF), in the name of Karta</li> <li>• Companies/Bodies Corporate/Public Sector Undertakings, association of persons or bodies of individuals whether incorporated or not and societies registered under the Societies Registration Act, 1860 (so long as the purchase of units is permitted under the respective constitutions)</li> <li>• Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) under the provisions of 11(5) of Income Tax Act, 1961 read with 17C of the Income Tax Rules, 1962 (subject to receipt of necessary approvals as “Public Securities”, where required);</li> <li>• Trustee of private trusts authorized to invest in mutual fund scheme under the Trust Deed</li> <li>• Partnership firm in the name of partner(s)</li> <li>• Proprietorship firm in the name of the proprietor</li> <li>• Banks and Financial Institutions</li> <li>• NRIs/ persons of Indian origin residing abroad on full repatriation basis (subject to RBI approval, if any) or non-repatriation basis . Presently OCBs are not permitted to invest in mutual funds pursuant to RBI A.P.(DIR Series) Circular No. 14 dated September 16,2003</li> <li>• Foreign Institutional Investors (FIIs) registered with SEBI on full repatriation basis (subject to RBI approval, if any )</li> <li>• Army/Air Force/Navy and other Para Military units and other eligible institutions</li> <li>• Scientific and/or industrial research organisations</li> <li>• International Multilateral Agencies approved by Government of India</li> <li>• Non- Government Provident/Pension/Gratuity funds as and when permitted to invest</li> <li>• Others who are permitted to invest in the Scheme as per their respective constitutions</li> </ul> <p>Note :</p> <ol style="list-style-type: none"> <li>1 The Trustee may reject any application received in case the application is found invalid/ incomplete or for any other reason in the Trustee’s sole discretion, Subject to the Regulations.</li> <li>2 Any scheme of JM Financial Mutual Fund or of any other Mutual Fund managed by any other AMC, including a Fund of Fund (subject to the conditions and limits prescribed in Regulations and/or by the Trustee, AMC or Sponsor) may subscribe to the units under the Scheme. The AMC/Trustee /Fund /Sponsor may subject to the limits prescribed by SEBI subscribe to units of this Scheme. The AMC will not be entitled to charge any fees on investments made by the AMC.</li> </ol> |

|  |   |
|--|---|
|  | <p>3 The Trustee may accept an application from an unincorporated body of persons/trusts. The Trustee may also periodically add and review the persons eligible for making application for purchase of units under the Scheme. If a person who is a resident Indian at the time of subscription becomes a resident outside India subsequently, he/she shall have the option to either be paid repurchase value of Units, or continue into the Scheme if he/she so desires and is otherwise eligible.</p> <p>However, the AMC shall not be liable to pay interest or any compensation to such a person during the period it takes for the Fund to record the change in address and the residential status, if he desires to continue in the Scheme.</p> <p>Notwithstanding the aforesaid, the Trustee reserves the right to close the unitholder account and to pay the repurchase value of Units, subsequent to his becoming a person resident outside India, should the reasons of cost, interest of other unitholders and any other circumstances make it necessary for the Fund to do so. Unitholders in whose case there has been a change of status from Resident to Non Resident will not have a right to claim growth in capital and/or income distribution.</p> |
| Where can you submit the filled up applications.                                       | <p><b>Registrar &amp; Transfer Agent</b><br/> Karvy Computershare Private Limited<br/> Karvy Plaza; H No. 8-2-596,<br/> Avenue 4 Street No. 1,<br/> Banjara Hills, Hyderabad - 500 034.<br/> Tele :- 040-23440670<br/> Email :- service_jmf@karvy.com<br/> Website:- www.karvy.com</p> <p>The duly completed application form can also be submitted at the official points of acceptance or the collecting bankers. The details of the official points of acceptance, collecting banker details etc. are on back cover page.</p>  |
| How to Apply   | Please refer to the SAI and Application form for the instructions.  |
| Listing  | It is proposed to list the scheme on the National Stock Exchange of India and/or any of the Recognised Stock Exchanges in India.  |
| Special Products / facilities available during the NFO                                 | NIL   |
| Restrictions, if any, on the right to freely retain or dispose of units being offered. | The Units of the Scheme are available for trading and transfer only in demat mode via the stock exchanges.  |

#### **Switching Options (only at the time of maturity)**

Unitholders under the Plan have the option to switch part or all of their unit holdings in the Scheme to another scheme(s) established by the Fund, which is available for investment at that time. This option will be useful to Unitholders who wish to alter the allocation of their investment among the scheme(s)/plan(s)/options of the Fund in order to meet their changed investment needs.

The switch will be effected by way of a redemption of Units from the Plan/Option and a reinvestment of the redemption proceeds in the opted Plan/Option of the other Scheme and accordingly, to be effective, the switch must comply with the redemption rules of the Scheme and the issue rules of the other scheme (for e.g. as to the minimum number of Units that may be redeemed or issued, exit load, etc). The price at which the Units will be switched out of the Plan will be based on the Repurchase Price, and the proceeds will be invested in the opted Plan/Option of the other Scheme at the prevailing sale price for units in that scheme/plan/option.

Subject to necessary approvals (if any) from the Regulatory authorities and any other approval as applicable, tax deduction at source, if any, will be effected at the appropriate rate in case of a switching by NRIs/FIIs and the balance amount would be utilized to exchange units to the other Scheme.





















