

Reliance Ultra Short Duration Fund (Segregation of Portfolio)

13th September 2019: Securities and Exchange Board of India vide circular number SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018 permits Asset Management Companies to create segregated portfolio of debt and money market instruments of mutual fund schemes, in order to ensure fair treatment to all investors in case of a credit event and to deal with liquidity risk.

Recent event

On 12th September 2019, Altico Capital India Limited (ACIL) filed on the stock exchanges that it had defaulted in a repayment obligation of Rs 20 crs (approx.) on External Commercial Borrowing (ECB) loan from Mashreq Bank PSC.

Subsequently rating agency CARE has downgraded long term rating of ACIL to “B” with negative outlook.

Reliance Nippon Life Asset Management Limited (“RNAM”) has already sent individual written communication as well as released a notice advertisement in newspaper for enabling provision of segregated portfolio in the captioned scheme. Investors have been provided 30 days load free period to redeem from the scheme. The 30 days load free period will end on **24th September 2019**.

Trustees of Reliance Mutual Fund have approved the creation of segregated portfolio of securities of ACIL held in Reliance Ultra Short Duration Fund immediately after expiry of mandatory load free exit period of 30 days (i.e. **25th September 2019**).

It may be noted that all ongoing subscriptions in the Fund had been suspended effective **13th September 2019** till **24th September 2019**. Moreover no dividend will be declared during this period.

Details of securities which will form part of segregated portfolio in Reliance Ultra Short Duration Fund:

Security Name	Face Value (Rs. Crs.)	Total Market Value (Rs. Crs.)	Accrued Interest (Rs. Crs.)
10.5% Altico Capital India Ltd Sr 10A NCD	75.00	75.05	3.69
10.5% Altico Capital India Ltd Sr 10B NCD	75.00	75.05	3.68

- All existing investors in the scheme as on the day of the creation of segregated portfolio will be allotted equal number of units in the segregated portfolio as held in the main portfolio.
- No redemption and subscription will be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC will enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests.
- However, upon recovery of any money from segregated portfolio, it will be immediately distributed to the investors in proportion to their holding in the segregated portfolio.
- AMC will disclose separate NAVs of segregated and main portfolios from the date of creation of segregated portfolio.

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