

### Update on Reliance Ultra Short Duration Fund

**13<sup>th</sup> 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 12<sup>th</sup> 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 **24<sup>th</sup> September 2019**.

In light of the credit event, AMC proposes to create 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. 25<sup>th</sup> September 2019**), subject to the approval from the Trustee of Reliance Mutual Fund.

Moreover, to protect the interest of investors, it is proposed to **suspend all ongoing subscriptions** in the Fund effective from **13<sup>th</sup> September 2019** till further notice. Moreover, no dividend will be declared during this period.

#### Impact on the Investors

- Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
- All investors in the scheme as on the day of creation of segregated portfolio shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.
- Upon recovery of money from the segregated portfolio, whether partial or full, it will be distributed to the investors in proportion to their holding in the 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.
- AMC will disclose separate NAVs of segregated and main portfolios from the date of creation of segregated portfolio.
- Once the segregated portfolio is created, no subscription and redemption will be allowed in the segregated portfolio of the captioned schemes.

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