**Nippon India Fixed Horizon Fund - XLII - Series 2**
(Tenure: 1199 days)
(A Close Ended Income Scheme)

**Product Label**

This product is suitable for investors who are seeking:

- returns and growth over the Medium Term tenure of the fund
- limiting interest rate volatility by investment in debt, money market and G-sec instruments maturing on or before the date of maturity of the scheme

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

**Offer for Sale of Units at Rs.10/- per unit during the new fund offer period**

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<td>1199 days</td>
<td>February 05, 2020</td>
<td>February 06, 2020</td>
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*The maturity period will be calculated from the date of allotment of units. However, if the maturity date falls on a non-working day, the succeeding working day shall be considered for the purpose of maturity date in the scheme.*

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 Asset Management Company. 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 Nippon India Mutual Fund, Tax and Legal issues and general information on www.nipponindiamf.com.

Nippon India Mutual Fund/Nippon Life India Asset Management Limited and its empanelled brokers has 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.

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 www.nipponindiamf.com.

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

This Scheme Information Document is dated January 23, 2020 and approved by the Board of AMC and the Trustees on September 12, 2019.

**NAME OF MUTUAL FUND**

Nippon India Mutual Fund (NIMF)

**NAME OF ASSET MANAGEMENT COMPANY**

Nippon Life India Asset Management Limited (NAM India)
(formerly known as Reliance Nippon Life Asset Management Limited)
CIN : L65910MH1995PLC220793

**NAME OF TRUSTEE COMPANY**

Nippon Life India Trustee Limited (NLITL)
(formerly known as Reliance Capital Trustee Co. Limited)
CIN : U65910MH1995PLC220528

Registered Office (NIMF, NAM India, NLITL)
Reliance Centre, 7th Floor South Wing,
Off Western Express Highway,
Santacruz (East), Mumbai - 400 055.
Tel No. - 022- 43031000;  Fax No. - 022- 43037662
Website : www.nipponindiamf.com
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BSE Disclaimer:

“BSE Ltd. (“the Exchange”) has given vide its letter LO/IPO/LK/MF/IP/267/2019-20 Dated November 01, 2019 permission to Nippon India Mutual Fund to use the Exchange’s name in this SID as one of the Stock Exchanges on which this Mutual Fund’s Unit are proposed to be listed. The Exchange has scrutinized this SID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to Nippon India Mutual Fund. The Exchange does not in any manner: - i) warrant, certify or endorse the correctness or completeness of any of the contents of this SID; or ii) warrant that this scheme’s unit will be listed or will continue to be listed on the Exchange; or iii) take any responsibility for the financial or other soundness of this Mutual Fund, its promoters, its management or any scheme or project of this Mutual Fund; and it should not for any reason be deemed or construed that this SID has been cleared or approved by the Exchange. Everyone who desires to apply for or otherwise acquires any unit of Nippon India Fixed Horizon Fund Fund - XLII - Series 2, of this Mutual Fund may not obtain the aforesaid permission. The Exchange does not in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this SID; or warrant that this scheme’s unit will be listed or will continue to be listed on the Exchange; or take any responsibility for the financial or other soundness of this Mutual Fund, its promoters, its management or any scheme or project of this Mutual Fund; and it should not for any reason be deemed or construed that this SID has been cleared or approved by the Exchange. Everyone who desires to apply for or otherwise acquires any unit of Nippon India Fixed Horizon Fund Fund - XLII - Series 2, of this 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 for any other reason whatsoever.”
(I) INVESTMENT OBJECTIVE:

The primary investment objective of the scheme is to seek to generate returns and growth of capital by investing in a diversified portfolio of the following securities maturing on or before the date of maturity of the scheme with the objective of limiting interest rate volatility -

• Central and State Government securities and
• Other fixed income/ debt securities

However, there can be no assurance or guarantee that the investment objective of the scheme will be achieved.

(II) LIQUIDITY:

Nippon India Fixed Horizon Fund - XLII - Series 2, being a close-ended scheme; the units can be purchased only during the New Fund Offer (NFO) period of the scheme. No redemption/repurchase of units shall be allowed prior to the maturity of the Close ended Schemes. Units held in dematerialized form can only be traded on the Stock Exchange, where the units are listed.

(III) BENCHMARK:

Crisil Composite Bond Fund Index

(IV) TRANSPARENCY/ NAV DISCLOSURE:

1. The Mutual Fund shall declare the Net asset value of the scheme on every business day on AMFI’s website www.amfiindia.com by 11.00 p.m. on the day of declaration of the NAV and also on www.nipponindiamf.com. Further, AMC shall extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.
2. Since the Scheme is proposed to be listed on Bombay Stock Exchange or such other recognized Stock Exchanges, the listed price on the respective Stock Exchange would be applicable for processing the transactions.
3. Communication of Half-yearly Unaudited Financial Results to the Unit holders as may be prescribed under the Regulations from time to time.
4. Communication of Portfolio on a half-yearly basis to the Unit holders as may be prescribed under the Regulations from time to time.
5. Providing of the Annual Reports of the respective Schemes within the stipulated period as required under the Regulations.
6. The fund shall disclose the scheme’s portfolio in the prescribed format as on the last day of the month/Half year for all the Schemes of NIMF on or before the tenth day of the succeeding month or within such timelines and manner as prescribed by SEBI from time to time on the NIMF Website i.e. www.nipponindiamf.com and AMFI site www.amfiindia.com
7. In case of unitholders whose e-mail addresses are registered, the Mutual Funds/ AMCs shall send via email both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month/ half-year respectively.
8. The AMC will calculate and disclose the first NAV not later than 5 business days from the date of allotment.

(V) LOADS:

Entry Load – Nil

In accordance with the requirements specified by the SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009 no entry load will be charged for purchase / additional purchase / switch-in accepted by NIMF with effect from August 01, 2009.

The upfront commission on investment made by the investor, if any, will be paid to the ARN Holder (AMFI registered Distributor) directly by the investor, based on the investor’s assessment of various factors including service rendered by the ARN Holder

Exit Load - Nil

Since the scheme shall be listed on BSE Ltd or any other recognised Stock Exchange, Exit load shall not be applicable.

(VI) TRANSACTION CHARGES:

In accordance with SEBI Circular No. IMD/ DF/13/ 2011 dated August 22, 2011, with effect from November 1, 2011, NAM India/ NIMF shall deduct a Transaction Charge on per purchase / subscription of Rs. 10,000/- and above, as may be received from new investors (an investor who invests for the first time in any mutual fund schemes) and existing investors. The distributors shall have an option to either “Opt-in / Opt-out” from levying transaction charge based on the type of product. Therefore, the “Opt-in / Opt-out” status shall be at distributor level, basis the product selected by the distributor at the Mutual Fund industry level.

Such charges shall be deducted if the investments are being made through the distributor/agent and that distributor / agent has opted to receive the transaction charges as mentioned below:

• For the new investor a transaction charge of Rs 150/- shall be levied for purchase / subscription of Rs 10,000 and above; and
• For the existing investor a transaction charge of Rs 100/- shall be levied for per purchase / subscription of Rs 10,000 and above.

The transaction charge shall be deducted from the subscription amount and paid to the distributor/agent, as the case may be and the balance shall be invested. The statement of account shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.
Transaction charges shall not be deducted if:

(a) The amount per purchases /subscriptions is less than Rs. 10,000/-;
(b) The transaction pertains to other than purchases/ subscriptions relating to new inflows such as Switch/STP/ DTP, etc.
(c) Purchases/Subscriptions made directly with the Fund through any mode (i.e. not through any distributor/agent).
(d) Subscription made through Exchange Platform irrespective of investment amount.

VII) MINIMUM APPLICATION AMOUNT:
Rs 5,000 and in multiples of Re. 1 thereafter.

(VIII) PLANS & OPTIONS:
The Scheme offers following Plans/Options under the Direct Plan and Regular Plan:

(a) Growth Option
(b) Dividend payout Option

However distribution of dividends will be subject to the availability of distributable surplus. Trustees reserve the right to declare a Dividend during the interim period.

Direct Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund (i.e. investments not routed through an AMFI Registration Number (ARN) Holder).

(IX) MATURITY:
No redemption/repurchase of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so by selling their units through stock exchanges. The scheme will come to an end on maturity date. On maturity of the Scheme, the outstanding units shall be redeemed and proceeds will be paid to the unit holders as a default mode which means that the units of the Scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be dispatched to / credited in the bank account of the unit holders within 10 Business Days from the date of Maturity

However, Investors will have an option to switch out the redemption proceeds into any other eligible scheme of Nippon India Mutual Fund at the time of NFO application or at any time till the maturity (within applicable cut-off time on Maturity date) of the Scheme.

The trustees reserves the right to suspend / deactivate/freeze trading, ISIN of the scheme and do all such matters with respect to closure of the scheme at the time of maturity at any time ten days prior to the maturity. The proceeds of the maturity will be payable to the person whose names are appearing in the beneficiary position details of which will be received from depositories after the suspension / deactivation /freezing of ISIN.

Maturity proceeds would be payable to investors as per the bank details provided in beneficiary position details received from depositories. However, once the units are dematerialised and the investor sells to another investor through exchange or transfers the units to another investor through DP then the maturity instruction provided by the existing investor will not be valid for the new investor. For the new investor the maturity proceeds shall be dispatched to the designated bank account of the unit holder within 10 business days from the date of redemption or repurchase, subject to availability of all relevant documents and details.

(X) PHYSICAL / DEMATERIALIZATION:
The Unit holders are given an Option to hold the units by way of an Account Statement (Physical form/ Non demat form) or in Dematerialized ('Demat') form.

Mode of holding shall be clearly specified in the KIM cum application form.

Units held in non demat form / by way of an Account Statement can be transferred.. For units held in non - demat form, unit holders intending to transfer units will have to get the units Certified by submitting designated form. On receipt of the said request, RTA will mark the underlying units as Certified Units and will issue a Certified SOA for those units. The AMC / RTA, on production of Designated Transfer Form together with relevant Certified SOA and requisite documents, register the transfer and provide the Certified SOA to the transferee within 10 business days from the date of such production. Investors may note that stamp duty and other statutory levies, if any, as applicable from time to time shall be borne by the transferee.

If a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death, insolvency etc., the transferee’s name will be recorded by the Fund subject to production of satisfactory evidence.

Unit holders opting to hold the units in demat form must provide their Demat Account details in the specified section of the application form. The Unit holder intending to hold the units in Demat form are required to have a beneficiary account with the Depository Participant (DP) (registered with NSDL / CDSL as may be indicated by the Fund at the time of launch of the scheme) and will be required to indicate in the application the DP’s name, DP ID Number and the beneficiary account number of the applicant with the DP.

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.

(XI) TRANSFER OF UNITS:
Units held in non demat form / by way of an Account Statement can be transferred.. For units held in non - demat form, unit holders intending to transfer units will have to get the units Certified by submitting designated form. On receipt of the said request, RTA will
mark the underlying units as Certified Units and will issue a Certified SOA for those units. The AMC / RTA, on production of Designated Transfer Form together with relevant Certified SOA and requisite documents, register the transfer and provide the Certified SOA to the transferee within 10 business days from the date of such production. Investors may note that stamp duty and other statutory levies, if any, as applicable from time to time shall be borne by the transferee.

If a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death, insolvency etc., the transferee’s name will be recorded by the Fund subject to production of satisfactory evidence.

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 eligible 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.
A. RISK FACTORS

1. Standard Risk Factors:

   (i) Mutual Funds and securities investments are subject to investment risks such as trading volumes, settlement risk, liquidity risk, and default risk including the possible loss of principal and there is no assurance or guarantee that the objectives of the Scheme will be achieved.

   (ii) As the price / value / interest rate of the securities in which the scheme invests fluctuates, the NAV of the units issued under the Scheme can go up or down depending on the factors and forces affecting the capital markets.

   (iii) Past performance of the Sponsor/AMC/Mutual Fund is not indicative of the future performance of the Scheme.

   (iv) Nippon India Fixed Horizon Fund - XLII - Series 2 is only the name of the Scheme and does not in any manner indicates either the quality of the Scheme, its future prospects or returns.

   (v) The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond initial contribution of Rs.1 lakh towards the setting up of the Mutual Fund and such other accretions and additions to the corpus.

   (vi) The present scheme is not a guaranteed or assured return scheme. The Mutual Fund is not guaranteeing or assuring any dividend. The Mutual Fund is also not assuring that it will make periodical dividend distributions, though it has every intention of doing so. All dividend distributions are subject to the availability of the distributable surplus of the Scheme.

2. Scheme Specific Risk Factors:

   (i) Risks associated with investing in Debt and Money Market Instruments

   Investment in Debt is subject to price, credit, and interest rate risk. The NAV of the Scheme may be affected, inter alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures.

   Corporate debt securities are subject to the risk of an issuer’s inability to meet interest and principal payments on its debt obligations (credit risk). Debt securities may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of the creditworthiness of the issuer, among others (market risk). The Investment Manager will endeavour to manage credit risk through in-house credit analysis. The Scheme may also use various hedging products from time to time, as are available and permitted by SEBI, to attempt to reduce the impact of undue market volatility on the Scheme’s portfolio.

   The NAV of the Scheme’s Units, to the extent that the Scheme is invested in fixed income securities, will be affected by changes in the general level of interest rates. When interest rates decline, the value of a portfolio of fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income securities can be expected to decline. Investing in Bonds and Fixed Income securities are subject to the risk of an Issuer’s inability to meet principal and interest payments obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk).

   The timing of transactions in debt obligations, which will often depend on the timing of the Purchases and Redemptions in the Scheme, may result in capital appreciation or depreciation because the value of debt obligations generally varies inversely with the prevailing interest rates.

   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 longer-term securities generally fluctuate more in response to interest rate changes than do 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.

   Credit Risk: Credit risk or default risk refers to the risk which may arise due to default on the part of the issuer of the fixed income security (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 refers to the fall in the rate for reinvestment of interim cash flows.

   Risks associated with various types of securities

<table>
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<tr>
<th>CREDIT RISK</th>
<th>LIQUIDITY RISK</th>
<th>PRICE RISK</th>
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<tr>
<td>Listed</td>
<td>Depends on credit quality</td>
<td>Relatively Low</td>
</tr>
<tr>
<td>Unlisted</td>
<td>Depends on credit quality</td>
<td>Relatively High</td>
</tr>
<tr>
<td>Secured</td>
<td>Relatively low</td>
<td>Relatively Low</td>
</tr>
<tr>
<td>Unsecured</td>
<td>Relatively high</td>
<td>Relatively High</td>
</tr>
<tr>
<td>Rated</td>
<td>Relatively low and depends on the rating</td>
<td>Relatively Low</td>
</tr>
<tr>
<td>Unrated</td>
<td>Relatively high</td>
<td>Relatively High</td>
</tr>
</tbody>
</table>

   Different types of securities in which the scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly, the scheme’s risk may increase or decrease depending upon its investment pattern e.g. corporate bonds, carry a higher level of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.

   (ii) Risk associated with debt instruments having Structured Obligations (SO)/ Credit Enhancements(CE)

   1. Relative liquidity of SO/CE instruments may be lower than a plain vanilla instruments in the same rating bucket.
2. SO/CE instruments, if off balance sheet in nature, may have strong underlying collateral but limited access to main issuer/originator balance sheet.

3. Since the strength (credit quality/rating) of the instruments is derived from the strength of the underlying structure, any weaknesses in structuring could undermine the credit quality in a meaningful manner.

(iii) Risks associated with Investing in Derivatives

NAM India may use various derivative products, from time to time, in an attempt to protect the value of the portfolio and with an intention to enhance Unit holder’s interest of the Scheme.

a) As and when the Scheme trades in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. 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 forecast price or interest rate movements correctly. There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the “counterparty”) to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

b) Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor.

c) 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.

(iv) Risk Associated with Securitised Debt

As with any other debt instrument, the following risk factors have to be taken into consideration while investing in PTCs:

a. Credit Risk

Since most of the PTCs are drawn from a cherry picked pool of underlying assets, the risk of delay / default due to poor credit quality is low. Further more most of the PTCs enjoy additional cashflow coverage in terms of subordination by another lower class of PTCs or in terms of excess cash collateralization.

b. Liquidity Risk

Historically the secondary market volume of securitised papers has been limited. This could limit the ability of the fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.

c. Price Risk / Interest Rate Risk

The price risk of these instruments shall be in line with the maturity / duration of such instruments. However given the fact that these instruments will have a maturity profile upto 2 years, the duration risk is relatively less.

Domestic Securitised debt can have different underlying assets and these assets have different risk characteristics. These may be as given in the following example:

Security 1 - Backed by receivables of personal loans originated by XYZ Bank Specific Risk Factors: Loss due to default and/or payment delay on Receivables, Premature Termination of Facility Agreements, Limited loss cover, Delinquency and Credit Risk, Limited Liquidity and Price Risk, Originator/Collection Agent Risk, Bankruptcy of the Originator, Co-mingling of funds

Security 2 - Senior Series Pass Through Certificates backed by commercial vehicles and two-wheeler loan and loan receivables from ABC Bank Limited

(v) Risks associated with Listing of Units

a. Listing of the units of the fund does not necessarily guarantee their liquidity and there can be no assurance that an active secondary market for the units will develop or be maintained. Consequently, the Fund may quote below its face value / NAV.

b. There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are not invested and no return is earned thereon.

c. The liquidity and valuation of the Scheme’s investments due to its holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment.

(vi) Risk associated with a close ended scheme

The tenor of the scheme shall be 1199 days from the date of allotment. The investor invests in such schemes with an expectation of generating wealth over the tenor of the scheme. The fund manager also invests funds as per the stated strategy keeping the above tenor in mind. While this allows the fund manager to take relatively long term investment calls without worrying about redemptions mid-way, in such schemes, the unit holder cannot exit the scheme before the maturity of the scheme, irrespective of changes in market conditions and alternative investment opportunities. Secondly, the stated strategy of the scheme may not be realized, within the tenor of the scheme. Other risk factors pertaining to the close ended schemes have been added under relevant sections.

(vii) Risk factors associated with repo transactions in corporate bonds -

In repo transactions, also known as a repo or sale repurchase agreement, securities are sold with the seller agreeing to buy them back at later date. The repurchase price should be greater than the original sale price, the difference effectively representing interest. A repo is economically similar to a secured loan, with the buyer receiving corporate debt securities as collateral to protect against default. The Scheme may invest in repo of corporate debt securities which are subject to the following risks:
II) Segregation of Portfolio

Creation of segregated portfolio shall be subject to guidelines specified by SEBI from time to time and includes the following:

1) Segregated portfolio may be created, in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:
   a) Downgrade of a debt or money market instrument to ‘below investment grade’, or
   b) Subsequent downgrades of the said instruments from ‘below investment grade’, or
   c) Similar such downgrades of a loan rating

2) In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as mentioned above and implemented at the ISIN level.

3) Further, SEBI has decided to permit creation of segregated portfolio of unrated debt or money market instruments by mutual fund schemes of an issuer that does not have any outstanding rated debt or money market instruments, subject to the following:
   a) Segregated portfolio of such unrated debt or money market instruments may be created only in case of actual default of either the interest or principal amount. ‘Actual default’ by the issuer of such instruments shall be considered for creation of segregated portfolio.
b) AMC shall inform AMFI immediately about the actual default by the issuer. Upon being informed about the default, AMFI shall immediately inform the same to all AMCs. Pursuant to dissemination of information by AMFI about actual default by the issuer, AMCs may segregate the portfolio of debt and money market instrument of the said unrated issuer as per the terms laid down hereunder.

3) Creation of segregated portfolio is optional and is at the discretion of Nippon Life India Asset Management Limited (“AMC”)

4) AMC has a written down policy on Creation of segregated portfolio which is approved by the Trustees.

**Process for Creation of Segregated Portfolio**

1) AMC shall decide on creation of segregated portfolio on the day of credit event. Once AMC decides to segregate portfolio, it shall:
   a) seek approval of trustees prior to creation of the segregated portfolio.
   b) immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. Nippon India Mutual Fund will also disclose that the segregation shall be subject to Trustee approval. Additionally, the said press release will be prominently disclosed on the website of the AMC.
   c) ensure that till the time the trustee approval is received, which in no case shall exceed 1 business day from the day of credit event, the subscription and redemption in the scheme will be suspended for processing with respect to creation of units and payment on redemptions.

2) Once Trustee approval is received by the AMC:
   a) Segregated portfolio will be effective from the day of credit event.
   b) AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information will also be submitted to SEBI.
   c) An e-mail or SMS will be sent to all unit holders of the concerned scheme.
   d) The NAV of both segregated and main portfolios will be disclosed from the day of the credit event.
   e) All existing investors in the scheme as on the day of the credit event will be allotted equal number of units in the segregated portfolio as held in the main portfolio.
   f) No redemption and subscription will be allowed in the segregated portfolio.
   g) AMC should 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.

3) If the trustees do not approve the proposal to segregate portfolio, AMC will issue a press release immediately informing investors of the same.

**Valuation and Processing of Subscriptions and Redemptions**

1) Notwithstanding the decision to segregate the debt and money market instrument, the valuation should take into account the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets) in terms of the relevant provisions of SEBI (Mutual Funds) Regulations, 1996 and Circular(s) issued thereunder.

2) All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as under:
   i. Upon trustees' approval to create a segregated portfolio -
      • 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.
      • Investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV.
   ii. In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.

**Disclosures**

In order to enable the existing as well as the prospective investors to take informed decision, the following shall be adhered to:

1) A statement of holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event shall be communicated to the investors within 5 working days of creation of the segregated portfolio.

2) Adequate disclosure of the segregated portfolio shall appear in all scheme related documents, in monthly and half-yearly portfolio disclosures and in the annual report of the mutual fund and the scheme.

3) The Net Asset Value (NAV) of the segregated portfolio shall be declared on daily basis.

4) The information regarding number of segregated portfolios created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC and AMFI websites, etc.

5) The scheme performance required to be disclosed at various places shall include the impact of creation of segregated portfolio. The scheme performance should clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.

6) The disclosures mentioned in points (4) and (5) above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/ written-off.
7) The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

Monitoring by Trustees

In order to ensure timely recovery of investments of the segregated portfolio, trustees shall ensure that:

- The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
- Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write-off shall be distributed to the investors of the segregated portfolio.
- An Action Taken Report (ATR) on the efforts made by the AMC to recover the investments of the segregated portfolio shall be placed in every Trustee meeting till the investments are fully recovered/written-off.
- Trustees will monitor the compliance of the SEBI Circular in respect of creation of segregated portfolio and disclosure in this respect shall be made in Half-Yearly Trustee reports filed with SEBI.

In order to avoid mis-use of segregated portfolio, Trustees shall ensure to have a mechanism in place to negatively impact the performance of Fund Managers, Chief Investment Officers (CIOs), etc. involved in the investment process of securities under the segregated portfolio. The new mechanism shall mirror the existing mechanism for performance incentives of the AMC, including the claw back of such amount to the segregated portfolio of the Scheme(s).

TER for the Segregated Portfolio

1) AMC will not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in segregated portfolio.
2) The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence.
3) The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.
4) The costs related to segregated portfolio shall in no case be charged to the main portfolio.

Definitions/Explanations:

1) The term ‘segregated portfolio’ means a portfolio, comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme.
2) The term ‘main portfolio’ means the scheme portfolio excluding the segregated portfolio.
3) The term ‘total portfolio’ means the scheme portfolio including the securities affected by the credit event.

Risks associated with segregated portfolio

Liquidity risk
1. Investor holding units of segregated portfolio may not able to liquidate their holding till the time recovery of money from the issuer.
2. Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV.

Credit risk
3. Security comprises of segregated portfolio may not realise any value.

Illustration of Segregated Portfolio

Portfolio Date: 04-June-19
Downgrade Event Date: 04-June-19
Downgrade Security: 8.04% E Ltd NCD (MD 27/01/2022) from A- to C
Valuation Marked Down: 55%
No. of units outstanding in a scheme 10,000 units, amounting to (10,000*1181.85) Rs.118.18 lakhs

Portfolio before Credit Event

<table>
<thead>
<tr>
<th>Security</th>
<th>Rating</th>
<th>Type of the security</th>
<th>Qty</th>
<th>Price (Rs)</th>
<th>Per Unit</th>
<th>Market (in lakhs)</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.14% A Ltd NCD (MD 09/12/2021)</td>
<td>CRISIL AAA</td>
<td>NCD</td>
<td>25,000</td>
<td>98.0144</td>
<td>24.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.02% B Ltd NCD (MD 22/05/2022)</td>
<td>CRISIL AAA</td>
<td>NCD</td>
<td>24,000</td>
<td>100.9817</td>
<td>24.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.53% C Ltd NCD Ser C(MD 03/07/20)</td>
<td>ICRA AA</td>
<td>NCD</td>
<td>21,300</td>
<td>98.3226</td>
<td>20.94</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D Ltd CP (MD 27/02/2020)</td>
<td>CRISIL A1+</td>
<td>CP</td>
<td>25,000</td>
<td>94.9606</td>
<td>23.74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.04% E Ltd NCD (MD 27/01/2022)</td>
<td>CARE C*</td>
<td>NCD</td>
<td>23,700</td>
<td>41.2007</td>
<td>9.76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Cash equivalent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15</td>
</tr>
</tbody>
</table>
Net Assets (in lakhs) | 118.18
Unit capital (no. of units) | 10,000.00
NAV per unit (Rs) | 1,181.85

*We have marked down the security (8.04% E Ltd NCD (MD 27/01/2022)) by 55% as it was downgraded to C from A-. Before marked down, the security was valued at Rs. 91.5571 per unit.

**Main Portfolio as of 04-06-2019, after the credit event**

<table>
<thead>
<tr>
<th>Security</th>
<th>Rating</th>
<th>Type of the security</th>
<th>Qty</th>
<th>Price (Rs)</th>
<th>Per Unit</th>
<th>Market (in lakhs)</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.14% A Ltd NCD (MD 09/12/2021)</td>
<td>CRISIL AAA</td>
<td>NCD</td>
<td>25,000</td>
<td>98.0144</td>
<td>24.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.02% B Ltd NCD (MD 22/05/2022)</td>
<td>CRISIL AAA</td>
<td>NCD</td>
<td>24,000</td>
<td>100.9817</td>
<td>24.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.53% C Ltd NCD Ser C (MD 03/07/20)</td>
<td>ICRA AA</td>
<td>NCD</td>
<td>21,300</td>
<td>98.3226</td>
<td>20.94</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D Ltd CP (MD 27/02/2020)</td>
<td>CRISIL A1+</td>
<td>CP</td>
<td>25,000</td>
<td>94.9606</td>
<td>23.74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Cash equivalent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Assets (in lakhs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>108.42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit capital (no. of units)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAV per unit (Rs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,084.20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Security 8.04% E Ltd NCD (MD 27/01/2022) will be segregated into a separate portfolio.

**Segregated Portfolio as of 04-06-2019**

<table>
<thead>
<tr>
<th>Security</th>
<th>Rating</th>
<th>Type of the security</th>
<th>Qty</th>
<th>Price (Rs)</th>
<th>Per Unit</th>
<th>Market (in lakhs)</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.04% E Ltd NCD (MD 27/01/2022)</td>
<td>CARE C</td>
<td>NCD</td>
<td>23,700</td>
<td>41.2007</td>
<td>9.76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Assets (in lakhs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit capital (no. of units)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAV per unit (Rs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>97.65</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Portfolio value after creation of segregated portfolio

<table>
<thead>
<tr>
<th></th>
<th>Main portfolio</th>
<th>Segregated portfolio</th>
<th>Total value (in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of units</td>
<td>10,000</td>
<td>10,000</td>
<td>-</td>
</tr>
<tr>
<td>NAV per unit</td>
<td>1084.20</td>
<td>97.65</td>
<td>1181.85</td>
</tr>
<tr>
<td>Total value (in lakhs)</td>
<td>108.42</td>
<td>97.77</td>
<td>118.19</td>
</tr>
</tbody>
</table>

**D. DEFINITIONS:**

In this Scheme Information Document, the following words and expressions shall have the meaning specified below, unless the context otherwise requires:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition / meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aadhaar</td>
<td>Aadhaar number issued by the Unique identification Authority of India (UIDAI)</td>
</tr>
<tr>
<td>AMC</td>
<td>AMC means Asset Management Company, formed and registered under the Companies Act, 1956 and approved as such by the SEBI under sub-regulation (2) of regulation 21.</td>
</tr>
<tr>
<td>AMFI</td>
<td>Association of Mutual Funds in India, the apex body of all the registered AMCs incorporated on August 22, 1995 as a non-profit organisation.</td>
</tr>
<tr>
<td>Associate</td>
<td>Associate means associate as defined under SEBI (Mutual Funds) Regulations, 1996</td>
</tr>
<tr>
<td>Business Day / Working Day</td>
<td>A business day means any working day, other than (1) Saturday; (2) Sunday or (3) a day on which The Stock Exchange, Mumbai or National Stock Exchange of India Limited or Reserve Bank of India or banks in Mumbai are closed or (4) a day on which there is no RBI clearing / settlement of securities or (5) a day on which the sale and / or redemption and / or switches of Units is suspended by the Trustees / AMC or (6) a book closure period as may be announced by the Trustees / AMC or (7) a day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time. The AMC reserve the right to declare any day as a Business Day or otherwise at any or all DISC.</td>
</tr>
<tr>
<td>Close ended scheme</td>
<td>Close ended scheme means any Scheme in which the period of maturity of the scheme is specified.</td>
</tr>
<tr>
<td>Custodian</td>
<td>Deutsche Bank A. G., Mumbai, acting as Custodian to the Scheme, or any other custodian who is appointed by the Trustee.</td>
</tr>
<tr>
<td>Depository</td>
<td>Depository as defined in the Depositories Act, 1996 (22 of 1996)</td>
</tr>
<tr>
<td>Designated Investor Service Centres (DISC / Official point of acceptance for transaction):</td>
<td>Any location, as may be defined by the Asset Management Company from time to time, where investors can tender the request for subscription (during the new fund offer period for a close-ended scheme), redemption or switching of units, etc.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition / meaning</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Dividend</td>
<td>Income distributed by the Scheme on the Units</td>
</tr>
<tr>
<td>DP</td>
<td>Depostitory Participant means a person registered as such under sub regulation (1A) of section 12 of SEBI Act, 1992 (15 of 1992)</td>
</tr>
<tr>
<td>Entry Load</td>
<td>Load on purchases / switch-in of units</td>
</tr>
<tr>
<td>Exit Load</td>
<td>Load on redemptions / switch-out of units</td>
</tr>
<tr>
<td>FPI</td>
<td>Foreign Portfolio Investors (FPI) as defined in Regulation 2(1) (h) of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 As stipulated by the SEBI (FPI) Regulations, 2014, Foreign Institutional Investors (FIIs), sub accounts and Qualified Foreign Investors (QFIs) are clubbed/merged into a single category, referred to as FPIs</td>
</tr>
<tr>
<td>ISIN</td>
<td>International Security Identification Number. It is a unique security code that differentiates each and every script from all the other scripts.</td>
</tr>
<tr>
<td>Investment Management Agreement (IMA)</td>
<td>The Agreement entered into between Nippon Life India Trustee Limited (NLITL) (formerly known as Reliance Capital Trustee Co. Limited) and Nippon Life India Asset Management Limited (NAM India) (formerly known as Reliance Nippon Life Asset Management Limited) by which NAM India has been appointed the Investment Manager for managing the funds raised by NIMF under the various schemes, and all amendments thereof.</td>
</tr>
<tr>
<td>KIM</td>
<td>Key Information Memorandum as required in terms of regulation 29(4)</td>
</tr>
<tr>
<td>Load</td>
<td>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.</td>
</tr>
<tr>
<td>Local Cheque</td>
<td>A Cheque handled locally and drawn on any bank, which is a member of the Banker’s Clearing house located at the place where the application form is submitted.</td>
</tr>
<tr>
<td>Money Market instruments</td>
<td>Money market instruments include Tri-party Repo/ Reverse Repo (including corporate bond Repo), certificate of deposit, commercial papers, commercial bills, treasury bills, Government securities issued by Central &amp; State Government having an unexpired maturity up to one year, call or notice money, usance bills (BRDS) and any other similar instruments as specified by the RBI/SEBI from time to time.</td>
</tr>
<tr>
<td>Mutual Fund Regulations/ Regulations/ SEBI Regulations</td>
<td>Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended up to date and such other Regulations, as may be in force from time to time, to regulate the activities of the Mutual Fund.</td>
</tr>
<tr>
<td>Net Asset Value (NAV)</td>
<td>Net Asset Value of the Units of the Scheme. The NAV is calculated in the manner provided in this Scheme Information Document or as may be prescribed by Regulations from time to time. It will be computed upto four decimal places.</td>
</tr>
<tr>
<td>New Fund Offer (NFO)</td>
<td>Offer of the units of Nippon India Fixed Horizon Fund - XLII - Series 2 during New Fund Offer Period.</td>
</tr>
<tr>
<td>Non-Resident Indian (NRI)</td>
<td>Non-Resident Indian</td>
</tr>
<tr>
<td>Scheme Information Document (SID)</td>
<td>Means Scheme Information Document issued by NIMF offering units of each Scheme under Nippon India Fixed Horizon Fund - XLII - Series 2 for subscription, that sets forth the information about the Scheme that a prospective investor ought to know before investing. (SID is to be read in conjunction with SAI)</td>
</tr>
<tr>
<td>PIO</td>
<td>Person of Indian Origin</td>
</tr>
<tr>
<td>POA</td>
<td>Power of Attorney</td>
</tr>
<tr>
<td>POS</td>
<td>Point of Service</td>
</tr>
<tr>
<td>Purchase Price</td>
<td>Purchase Price to the investor of Units of the scheme computed in the manner indicated in this Scheme Information Document.</td>
</tr>
<tr>
<td>NAM India</td>
<td>Means Nippon Life India Asset Management Limited (formerly known as Reliance Nippon Life Asset Management Limited), a Public Limited Company incorporated under the Companies Act, 1956 on February 24, 1995, duly registered with SEBI and appointed as AMC for all schemes of Nippon India Mutual Fund</td>
</tr>
<tr>
<td>Reserve Bank of India (RBI)</td>
<td>Reserve Bank of India, established under the Reserve Bank of India Act, 1934.</td>
</tr>
<tr>
<td>Regulatory Authority</td>
<td>Regulatory authority means any authority or agency competent to issue or give any directions, instructions or guidelines to the Mutual Fund.</td>
</tr>
<tr>
<td>NIMF / Mutual Fund / The Fund</td>
<td>Nippon India Mutual Fund, (formerly known as Reliance Mutual Fund) a Trust established under Indian Trusts Act, 1882 and registered with SEBI vide registration number MF/022/95/1</td>
</tr>
<tr>
<td>Trustee / Trustee Company / NLITL</td>
<td>Nippon Life India Trustee Limited (formerly known as Reliance Capital Trustee Co. Limited), a Company incorporated under the Companies Act, 1956, and authorized by SEBI and by the Trust Deed to act as the Trustee of Nippon India Mutual Fund.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition / meaning</td>
</tr>
<tr>
<td>--------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Redemption Price</td>
<td>Redemption Price to the investor of Units of the scheme computed in the manner indicated in this Scheme Information Document.</td>
</tr>
<tr>
<td>Registrar / KFinTech</td>
<td>KFin Technologies Private Limited., who have been appointed as the Registrar; or any other Registrar who is appointed by NAM India.</td>
</tr>
<tr>
<td>SAI</td>
<td>Means Statement of Additional Information issued by NIMF containing details of NIMF, its constitution, and certain tax, legal and general information (SAI is to be read in conjunction with SID of the respective scheme)</td>
</tr>
<tr>
<td>SEBI</td>
<td>Means Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.</td>
</tr>
<tr>
<td>Sponsor</td>
<td>Means Sponsor of NIMF i.e., Nippon Life Insurance Company (&quot;NLI&quot;).</td>
</tr>
<tr>
<td>SPVs</td>
<td>Special Purpose Vehicles approved by the appropriate authority or the Government of India.</td>
</tr>
<tr>
<td>Tri- Party Repo</td>
<td>Tri-party repo is a type of repo contract where a third entity (apart from the borrower and lender), called a Tri-Party Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction.</td>
</tr>
<tr>
<td>Trust Deed</td>
<td>Trust Deed means Trust Deed constituted in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) and as amended from time to time. The amended Trust Deed is in accordance with SEBI (Mutual Funds) Regulations, 1996. The Trust Deed has been registered under the Indian Registration Act, 1908.</td>
</tr>
<tr>
<td>Trust Fund</td>
<td>The corpus of the Trust, unit capital and all property belonging to and / or vested in the Trustee.</td>
</tr>
<tr>
<td>Unit</td>
<td>The interest of the investors in any of the categories of the Scheme which consists of each Unit representing a share in the assets of the corresponding Scheme.</td>
</tr>
<tr>
<td>Unitholder / Investor</td>
<td>Unit holder means a person holding unit in a Scheme of a mutual fund.</td>
</tr>
</tbody>
</table>

Words and Expressions used in this Scheme Information Document and not defined shall have the same meaning as in the Regulations.

E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:

1. The Scheme Information Document of Nippon India Fixed Horizon Fund - XLII, 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.
2. 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.
3. 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.
4. The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registrations are valid, as on date.

Sd/-

Mumbai
November 07, 2019
Muneesh Sud
Chief Legal & Compliance Officer

Note: The Due Diligence Certificate as stated above was submitted to the Securities and Exchange Board of India on November 07, 2019
A. TYPE OF THE SCHEME
A Close Ended Income Scheme

B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?
The primary investment objective of the scheme is to seek to generate returns and growth of capital by investing in a diversified portfolio of the following securities maturing on or before the date of maturity of the scheme with the objective of limiting interest rate volatility -
- Central and State Government securities and
- Other fixed income/ debt securities

However, there can be no assurance or guarantee that the investment objective of the scheme will be achieved.

C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative Allocation (% of total assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maximum</td>
<td>Minimum</td>
</tr>
<tr>
<td>Money Market instruments</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>Government securities / State Development Loans (SDLs) &amp; Debt Instruments</td>
<td>100%</td>
<td>90%</td>
</tr>
</tbody>
</table>

The Scheme will invest in Securitised Debt which may be upto 25% of the net assets of the scheme. The Scheme will not invest in Foreign Securities, Securities Lending or engage in Short Selling. The scheme shall not invest in credit default swaps. The scheme shall not invest in ADR/GDR or Foreign securities. The scheme shall not engage in short selling. Further the scheme may invest in “Repos”. In terms of SEBI /IMD/Circular No. 2/147132/08 dated December 11, 2008, the scheme shall invest only in such securities which mature on or before the date of the maturity of the scheme. The investment manager would have the flexibility to invest the debt component into floating rate debt securities in order to reduce the impact of rising interest rates in the economy. Derivatives may be used to create synthetic fixed rate bond/ floating rate bonds. Gross investments in securities under the Scheme which includes Debt securities, Money Market Instruments and derivatives will not exceed 100% of the net assets of the Scheme. Subject to the limits as contained in Schedule VII to the SEBI (Mutual Funds) Regulations, 1996, the scheme reserves the right to invest its entire allocation in debt and money market securities in any one of the fixed income security classes. The sum total of derivative contracts outstanding shall not exceed 50% of the net asset of the scheme.

The AMC reserves the right to change the above Pattern in the interest of the investors depending on the market conditions for a short term period of defensive consideration. In case any deviation from the asset allocation, the Fund Manager shall review and rebalance the portfolio within 30 days from the date of said deviation. However, if the same has not been rebalanced the details of same shall be placed before the Investment Review Committee and reasons for the same shall be recorded in writing. The Investment Review Committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.

The scheme will not engage in Credit default swaps. The asset allocation tables given above should be read in conjunction with the detailed intended portfolio allocation tables and related conditions given in the scheme.

D. WHERE WILL THE SCHEME INVEST?
1. Derivatives may be used to create synthetic fixed rate bond/ floating rate bonds. Gross investments in securities under the Scheme which includes Debt securities, Money Market Instruments and derivatives will not exceed 100% of the net assets of the Scheme.
2. Subject to the limits as contained in Schedule VII to the SEBI (Mutual Funds) Regulations, 1996, the scheme reserves the right to invest its entire allocation in debt and money market securities in any one of the fixed income security classes.
3. Investments in unrated fixed income securities will be in securities rated by at least one recognized rating agency. Investments in unrated securities will be made with the approval of the Investment Committee of NAM India, within the parameters laid down by the Board of Directors of the AMC & the Trustees.
4. Money market instruments include Tri-Party Repo/ Repo/ Reverse Repo (including corporate bond Repo), certificate of deposit, commercial papers, commercial bills, treasury bills, Government securities issued by Central and/or State Government having an unexpired maturity up to one year, call or notice money, usance bills (BRDS) and any other similar instruments as specified by the RBI/SEBI from time to time.

Mutual fund scheme shall not invest in unlisted debt instruments including commercial papers (CPs), other than (a) government securities, (b) other money market instruments and (c) derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. which are used by mutual funds for hedging.

Corporate Bonds include all debt instruments (including securitized debt) issued by entities such as Banks, Public Sector Undertakings, Government Agencies and other Statutory Bodies, Municipal Corporations, body corporate, companies, trusts/ Special Purpose Vehicles etc and would exclude investments in Government Securities issued by Central and/or State Government.

Securities issued by any government agencies, quasi-government or statutory bodies, Public Sector Undertakings, which may or may not be guaranteed or supported by the Central Government or any state government (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).

Non-convertible securities as well as nonconvertible portion of convertible securities, such as debentures, coupon bearing bonds, zero coupon bonds, deep discount bonds, Mibor-linked or other floating rate instruments, premium notes and other debt securities or...
obligations of public sector undertakings, banks, financial institutions, corporations, companies and other bodies corporate as may be permitted by SEBI/ RBI from time to time.

Derivatives like Interest rate swaps, Forward Rate agreements and other such instruments as permitted by RBI/ SEBI. Fund may use Interest Rate Futures (IRF) to create an imperfect hedge/ proper hedge from time to time as per SEBI regulations

5. Short-term debt considerations for this scheme include maintaining an adequate float to meet expenses, and other liquidity needs.

6. Short Term Deposit may also be made in the scheme as per the regulations laid down by SEBI.

7. The Fund may also enter into "Repo", hedging or such other transactions as may be allowed to Mutual Funds from time to time. Investments in Tri-Party Repo would be as per the RBI circular dated July 24, 2018.

Investments in Repo in corporate debt securities would be in line with SEBI circular dated November 11, 2011 and RBI circular dated July 24, 2018 and shall be made basis the policy approved by the Board of NAM India and NLITL. The significant features are as follows:

i. As specified in the SEBI Circular dated November 15, 2012, the base of eligible securities for mutual funds to participate in repo in corporate debt securities is from AAA rated to AA and above rated corporate debt securities.

ii. Category of counterparty & Credit rating of counterparty NIMF schemes shall enter in lending via Repo only with Investment Grade counterparties.

iii. The Gross exposure of the scheme to repo transactions in corporate debt securities shall not be more than 10% of the net asset of the scheme.

All investment restrictions stated above shall be applicable at the time of making investment. Further, any new circular issued by RBI or SEBI on Repo would be applicable from time to time.

Applicable Haircut

RBI vide its circular dated July 24, 2018 had indicated the haircut to be applied for such transactions as follows:

Haircut/ margins will be decided either by the clearing house or may be bilaterally agreed upon, in terms of the documentation governing repo transactions, subject to the following stipulations:

i. Listed corporate bonds and debentures shall carry a minimum haircut of 2% of market value. Additional haircut may be charged based on tenor and illiquidity of the security.

ii. CPs and CDs shall carry a minimum haircut of 1.5% of market value.

iii. Securities issued by a local authority shall carry a minimum haircut of 2% of market value.

Additional haircut may be charged based on tenor and illiquidity of the security.

8. The scheme does not intend to make any investments in Foreign/ Overseas Securities.

9. The scheme intends to invest its assets in securities of Government of India and /or State Government to the extent of SEBI prescribed limits. Such securities may be:

i. Supported by the ability to borrow from the Treasury or

ii. Supported by Sovereign guarantee or the State Government or

iii. Supported by Government of India / State Government in some other way.

The above will depend upon the nature of securities invested.

10. The schemes may also enter into repurchase and reverse repurchase obligations in all securities held by them as per the guidelines and regulations applicable to such transactions. It is the intention of the scheme to trade in the derivatives market as per the Regulations. The scheme may also invest into tri-party Repo (like Tri-party Repo Anonymous Order Matching System (TREPS)) as per the prescribed guidelines of RBI.

11. The above-mentioned securities could be listed, unlisted, secured, unsecured, rated or unrated and may be acquired through initial public offerings, secondary market offerings, private placements, rights offers etc.

12. To avoid duplication of portfolios and to reduce expenses, the Scheme may invest in any other schemes of the Fund. Further, in compliance with SEBI Regulation, a 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 same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund.

13. While it is the intention of the Scheme to maintain the maximum exposure guidelines provided in the table above, there may be instances when these percentages may be exceeded. Typically, this may occur while the Scheme is new and the corpus is small thereby causing diversification issues.

14. Securitised debt, pass through obligations, various types of securitisation issuances including but not limited to Asset Backed Securitisation, Mortgage Backed Securitisation, single loan securitisation and other domestic securitisation instruments, as may be permitted by SEBI / RBI from time to time.

15. Investments in debentures, bonds and other fixed income securities will usually be in instruments, which have been assigned investment grade ratings by an approved rating agency. The instruments may be rated / unrated and listed / unlisted. In cases where the debt instrument is unrated, specific approval from the Investment Committee of NAM India shall be obtained. However, the same shall be subject to limitations as contained in clause 1 and 1A, reproduced herein below, of Schedule VII to SEBI (Mutual Funds) Regulations, 1996.
16. The final portfolio will depend on the availability and desirability of assets in terms of maturity profile, asset quality and yields. The portfolio formulation is a dynamic process and thus, an instrument which is attractive today may not be attractive tomorrow.

17. The scheme may invest in the liquid schemes launched by SEBI registered Mutual Fund or schemes that invest predominantly in money market instruments / securities.

18. Debt instruments includes instruments having Structured Obligations / Credit Enhancements as per SEBI guidelines

(i) CREDIT EVALUATION POLICY FOR INVESTMENTS IN DEBT SECURITIES

Credit evaluation is a continuous process. It applies not only for issuers where investments are being evaluated for the first time but also for those where we already have credit exposures.

In a detailed credit evaluation process, the following aspects are covered.

1. An in-depth review of the sector in which company operates. In this process, research team also measures the micro and macro risks associated with the sector and its possible impact on the overall business environment of the issuer. In addition, issuer’s market position is evaluated vis-à-vis competition.

2. Issuer analysis involves both qualitative and quantitative aspects.
   a. Qualitative analysis is related to quality of management, corporate governance, promoter background, parents support etc. Any synergy / cross dependence with any of the other promoter companies is also scrutinized.
   b. Quantitative analysis is related with balance sheet management, profitability indicators, ratio analysis, capex programmes, growth plans, leverage and cash management policy etc.

3. The due diligence process involves both primary and secondary sources for research.
   a. Secondary sources of information like publicly available data including annual reports and other public filings, rating and other research reports, industry research reports are studied in detail.
   b. Primary research activities like direct interaction with the issuer at various levels, interaction with the rating agencies, the company’s bankers, competitors in the industry and stock market participants (market intelligence), is given a very high weightage.

4. Both for plain vanilla transactions and especially for structured transactions, legal due diligence is an integral part of the overall risk evaluation policy. Depending on the scope and complexity of transactions both internal as well as external legal exercises are undertaken.

Based on the above analysis, the credit research team presents a case for investing / avoiding investments for any new issuer / structure. Post these discussions formal proposals are prepared for issuers / structures where limits are being sought.

The approval for such limits is sought, based on certain criterion that is laid out as part of the investment policy. Depending on the rating, tenure, and proposed exposures, approvals are taken at the Head of Fixed Income / Investment Committee / Board levels.

As mentioned earlier, credit evaluation is a continuous exercise. For all issuers / structures where we have current exposures regular evaluation is carried out on a periodic basis. The periodicity of such evaluation depends on the exposure, credit comfort on the said issuer / structure and the overall credit environment.

Apart from regular credit updates both internally and at the Investment Committee levels, the board is also appraised on a periodic basis, on all the credit exposures, their performance and the credit department’s views on them going forward.

(ii) LIST OF SECTORS WHERE NAM INDIA / NIMF WOULD NOT BE INVESTING

The scheme will not invest in Gems & Jewellery sector and airline sector.

(iii) TYPE OF INSTRUMENTS IN WHICH THE SCHEMES PROPOSE TO INVEST

For the type of instruments in which the scheme propose to invest viz. CPs, CDs, Treasury bills etc. is detailed in point no. D (where will the scheme invest - Point 1 to 18)

(iv) INTENDED PORTFOLIO ALLOCATION

As per SEBI Circular No IMD/ DF/12/2011 dated August 1, 2011 on Indicative portfolio or yield in close ended debt oriented mutual fund, the intended allocation for Nippon India Fixed Horizon Fund - XLII - Series 2 is as mentioned below. Disclose the floors and ceilings within a range of 5% of the intended allocation (in %) against each sub asset class/credit rating as mentioned below:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Credit Rating</th>
<th>A1+</th>
<th>AAA</th>
<th>AA</th>
<th>A</th>
<th>BBB</th>
<th>NA</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NCDs / Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government securities / State Development Loans (SDLs)</td>
<td>60% - 65%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securitised Debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Tri-Party Repo / Repo / Reverse Repos (including repo in corporate bonds) / T-Bills / Liquid schemes</td>
<td>0% - 5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NA - Not Applicable.

*Some of the instruments may also be rated.

It may be noted that detailing of credit rating/instruments shall be made similar to the current format as indicated above.
There shall be no variations between intended portfolio allocation as may be issued at the time of launch and final portfolio except on account of

1. The scheme shall endeavour to invest in instruments having credit rating as indicated above or higher. As per SEBI circular CIR/MIRSD/4/2011 dated June 15, 2011, Modifier "+"(plus) or "-"(minus) can be used with the rating symbols as they reflect the comparative standing within the category. For eg: in case AA has been mentioned, it will include AA- as well as AA+

In case an instrument has more than one publicly available rating, the more conservative rating will be considered for the purpose of investment.

For external factors such as revision in credit rating of instruments, valuation of security, etc. It may be noted that

• All the investment rating etc will be considered at the time of making the investments only i.e at the time of deployment (for the purpose of comparison).
• Post deployment in case of subsequent rating action in any securities which leads to negative deviation from the intended asset allocation, the fund manager shall rebalance the portfolio within time period of within 30 days to align it with the intended portfolio allocation provided such rebalancing does not adversely impact the interest of the investors.

2. In case desired maturity and credit quality CP/NCDs/SDL/G-sec are not available or also on the basis of the risk reward analysis, the scheme may invest in Bank CDs of highest rating (A1+ or equivalents)/Tri-Party Repos/Reverse Repos (excluding repo in corporate bonds) /T-Bills. Such deviation may continue till suitable instruments of desired credit quality are not available.

3. Further, the above allocation may vary during the tenure of the scheme. Some of these instances are: (i) Coupon inflow / principal inflow / unexpected cash flow during the tenure of the scheme; (ii) the instrument is called or bought back by the issuer (iii) in anticipation of any adverse credit event (iv) Non availability of any instrument and on risk reward analysis. In case of such deviations, the scheme may invest in Bank CDs (A1+ or equivalents) / Tri-Party Repos/ Reverse Repos (excluding repo in corporate bonds) / T-Bills / Liquid schemes. Such deviation may continue till maturity, if suitable instruments of desired credit quality are not available. Incase where cash is generated in the above instances and is deployed in short term deposits, such deployment will only be for temporary parking in line with SEBI regulations.

4. In case of individual securities maturity prior to the maturity date of the scheme and at the time of construction of the portfolio, investments may be made in cash and cash equivalents such as Tri-Party Repo, Repo (excluding repo in corporate bonds), T-Bills, Liquid Schemes, CDs and short term bank Deposits

5. In case where investments in any Unrated Instruments is indicated and if they are not available, the scheme may invest in Bank CDs (A1+ or equivalents) / Tri-Party Repos/ Reverse Repos (excluding repo in corporate bonds) / T-Bills / Liquid schemes / AAA rated instruments.

6. The range as indicated in the intended portfolio allocation depending on the risk return profile of the portfolio and subject to the availability of the securities, the fund manager may increase the allocation for AAA rated securities, while ensuring range of other securities is proportionately adjusted.

It may be noted that the intended portfolio allocation will be determined at the time of launch of the scheme whereas the final portfolio for the purpose of determining deviations, if any, will be considered after 30 days from the allotment. Basis the same, NAM India will report in the next meeting of Board of Directors of Nippon Life India Asset Management Limited and Nippon Life India Trustee Limited the publicized percentage allocation and final portfolio.

For unlisted / non traded securities, where sector classification does not exist, NAM India will have the discretion to decide the classification as per their best judgment.

Pursuant to the SEBI Circular No. SEBI/IMD/CIR No. 1/91171/07 dated April 16, 2007 read with SEBI Circular No. SEBI/HO/IMD/DF4/ CIR/P/2019/093 dated August 16, 2019, where the cash in the scheme is parked in short term deposits of Scheduled Commercial Banks pending deployment, the scheme shall abide by the following guidelines:

• "Short Term" for parking of funds shall be treated as a period not exceeding 91 days.
• Such short-term deposits shall be held in the name of the Scheme.
• The scheme shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustee.
• Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
• The scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
• The scheme shall not park funds in short term deposit of a bank, which has invested in the Scheme. Further, the bank in which a scheme has short term deposit will not invest in the said scheme until the scheme has short term deposit with the bank.
• NAM India will not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks

The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market.

E. WHAT ARE THE INVESTMENT STRATEGIES?

The fund management team will endeavor to maintain a consistent performance in the scheme by maintaining a balance between safety, liquidity and profitability aspects of various investments. The fund manager will try to achieve an optimal risk return balance for management of the fixed income portfolios.

The investments in debt instruments carry various risks like interest rate risk, liquidity risk, default risk, purchasing power risk etc. While they cannot be done away with, they can be minimized by diversification and effective use of hedging techniques.

The fund management team will take an active view of the interest rate movement by keeping a close watch on various parameters of the Indian economy, as well as developments in global markets.
Investment views / decisions will be taken on the basis of the following parameters:

1. Prevailing interest rate scenario
2. Quality of the security / instrument (including the financial health of the issuer)
3. Maturity profile of the instrument
4. Liquidity of the security
5. Growth prospects of the company / industry
6. Any other factors in the opinion of the fund management team

Risk Mitigation Factor /Control: The Fund Management proposes to use analytic risk management tools like VAR / convexity/ modified duration for effective portfolio management.

Debt Market in India:

The Indian Debt market is facing major shift in the recent times. The substantial growth in Mutual Fund collections in the past few years have provided an easy route for the investors to channelise their savings into the debt market, which otherwise is largely dominated by Banks and other Institutional investors.

At present, the Indian debt market is dominated by issues of Central Government bonds, Corporate Debentures and PSU Bonds. The other instruments available for investment are Commercial Papers, Certificate of Deposits, Government guaranteed bonds, etc.

Brief details about the instruments are given below as on Jan 1, 2020.

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Listed/ Unlisted</th>
<th>Current Yield Range As on Jan 1, 2020</th>
<th>Liquidity</th>
<th>Risk profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government Securities</td>
<td>Listed</td>
<td>5.37%-7.12%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Corporate Debentures / PSU Bonds</td>
<td>Listed</td>
<td>6.50%-7.66%</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>CDs (short term)</td>
<td>Unlisted</td>
<td>5.05%-5.90%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Call Money</td>
<td>Unlisted</td>
<td>3.60%-5.25%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Mibor linked Papers*</td>
<td>Listed</td>
<td>170-195 bps</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

* Range of spread between 5 year and 10 year AAA Corporate bond and OIS papers of similar maturity

A brief description about yields presently available on Central Govt. Securities /Bonds & Debentures of various maturities is as follows: Annualised yields (as on Jan 1, 2020) are:

<table>
<thead>
<tr>
<th>Yrs</th>
<th>&lt;= 1yr</th>
<th>1yr - 5yr</th>
<th>5yr - 10yrs</th>
<th>10yr - 30 yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government securities</td>
<td>5.44%-5.85%</td>
<td>6.12%-6.73%</td>
<td>6.61%-7.19%</td>
<td>6.99%-7.25%</td>
</tr>
<tr>
<td>Debentures / Bonds (AAA rated)</td>
<td>6.50%-6.60%</td>
<td>6.65%-7.21%</td>
<td>7.39%-7.66%</td>
<td>-</td>
</tr>
</tbody>
</table>

The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate, overall liquidity position, foreign exchange scenario, etc. Also, the price and yield varies according to maturity profile, credit risk etc.

Disclosures with respect to securitized debt

1. How the risk profile of securitized debt fits into the risk appetite of the scheme

Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income characteristics. The risk of investing in securitized debt is similar to investing in debt securities. However it differs in following two majorly respects -:

Typically the liquidity of securitized debt is less than similar debt securities. However, this is expected to change as SEBI has issued its guidelines on listing of securitized instrument and going forward we expect more issuance of listed securitized debt.. Currently, the fund manager normally buys these with the view to hold them till maturity. For the close ended scheme, the average tenure of the securitized debt would not exceed maturity of the Scheme / Plan / Fund. For open ended scheme, average maturity of the securitized debt will be in accordance with the investment time horizon of such scheme, opportunities available in the market and interest rate views of the investment team.

For certain types of securitized debt (backed by mortgages, personal loans, credit card debt, etc.), there is an additional pre-payment risk. Pre-payment risk refers to the possibility that loans are repaid before they are due, which may reduce returns if the re-investment rates are lower than initially envisaged. The fund manager price the securitized debt accordingly to compensate for re-investment risk.

Because of these additional risks, securitized debt typically offers higher yields than debt securities of similar credit rating and maturity. If the fund manager judges that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt according to the nature ( open ended / close ended ) of the scheme.

2. Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc.

Originators have been broadly categorized as follows:

i. PSU Banks;
ii. Private Banks;
iii. NBFC’s with asset size of Rs. 1,000 crores and above; and
iv. NBFC’s with asset size of below Rs. 1,000 crores.

Before the assessment of the structure is undertaken, the originators/underlying issuers are evaluated on the following parameters:

- Track record - good track record of the originators/underlying issuers or its group companies.
- Willingness to pay - credible and strong management team.
- Ability to pay – good financials and business profile.
- Risk appraisal capabilities - strong and well defined risk assessment processes
- Business risk assessment of the originators based on the following factors:
  - Outlook for the economy (domestic and global)
  - Outlook for the industry
  - Company specific factors

In addition a detailed review and assessment is done including interactions with the company as well as the credit rating agency. Typically we would avoid investing in securitization transaction (without specific risk mitigant strategies / additional cash/security collaterals/guarantees) if we have concerns on the following issues regarding the originator/underlying issuer:

- Default track record/frequent alteration of redemption conditions/covenants;
- Very High leverage ratios of the ultimate borrower (for single-sell downs) - both on a standalone basis as well on a consolidated level;
- Very High proportion of reschedulement of underlying assets of the pool or loan, as the case may be;
- Very High proportion of overdue assets of the pool or the underlying loan, as the case may be;
- Poor reputation in market;
- Insufficient track record of servicing of the pool or the loan, as the case may be;
- The degree of NPAs of the company being very high than the industry trends.

Further, investments in securitized debt will be done in accordance with the investment restrictions specified under the Regulations / this Scheme Information Documents which would help in mitigating certain risks. Currently, as per the Regulations, A mutual fund scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market 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 12% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company:

Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and Tri-party Repo: Provided further that investment within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with the Board:

Provided further that the schemes already in existence shall within an appropriate time and in the manner, as may be specified by the Board, conform to such limits.

3. Risk mitigation strategies for investments with each kind of originator

An analysis of the originator/Issuer is especially important in case of retail loans as the size and reach affects the credit quality and servicing of the securitized instrument. In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to determine the credit risk. The credit analyst looks at seasoning (i.e. how long the loan has been with the originator before securitization) as one way of evaluating the performance potential of the PTC. Securitization transactions may include some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity/subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and/or guarantees.

Investments in securitized debt will be done based on the assessment of the originator which is carried out by the Fixed Income team. In order to mitigate the risk at the issuer/originator level, the Fixed Income team will consider various factors which will include:

- size and reach of the issuer/originator
- Set up of the organization structure of the issuer/originator
- the infrastructure and follow-up mechanism of the issuer/originator
- the issuer/originator’s track record in that line of business
- quality of information disseminated by the issuer/originator; and
- the Credit enhancement for different type of issuer/originator
Table 1: illustrates the framework that will be applied while evaluating investment decision relating to a securitization transaction:

<table>
<thead>
<tr>
<th>Characteristics/Type of Pool</th>
<th>Mortgage Loan</th>
<th>Commercial Vehicle and Construction Equipment</th>
<th>CAR</th>
<th>2Wheelers</th>
<th>Micro Finance</th>
<th>Personal Loans</th>
<th>Single Loan Sell Downs / Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approximate Average maturity (in Months)</td>
<td>Upto 180 months or lower</td>
<td>Upto 60 months or lower</td>
<td>Upto 60 months or lower</td>
<td>Upto 12 months or lower</td>
<td>Upto 36 months or lower</td>
<td>Any Single Loan Sell Downs/ other class of securitised debt would be evaluated on a case by case basis.</td>
<td></td>
</tr>
<tr>
<td>Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)</td>
<td>In excess of 3%</td>
<td>In excess of 5%</td>
<td>In excess of 5%</td>
<td>In excess of 10%</td>
<td>In excess of 10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Loan to Value Ratio</td>
<td>85% or lower</td>
<td>100% or lower</td>
<td>95% or lower</td>
<td>95% or lower</td>
<td>Unsecured</td>
<td>Unsecured</td>
<td></td>
</tr>
<tr>
<td>Minimum Average seasoning of the Pool</td>
<td>3 months</td>
<td>3 months</td>
<td>3 months</td>
<td>3 months</td>
<td>1 month</td>
<td>1 month</td>
<td></td>
</tr>
<tr>
<td>Maximum single exposure range</td>
<td>5%</td>
<td>5%</td>
<td>1%</td>
<td>1%</td>
<td>&lt; 1%</td>
<td>&lt; 1%</td>
<td></td>
</tr>
<tr>
<td>Average single exposure range</td>
<td>&lt;5%</td>
<td>&lt; 5%</td>
<td>&lt; 1%</td>
<td>&lt; 1%</td>
<td>&lt; 1%</td>
<td>&lt; 1%</td>
<td></td>
</tr>
</tbody>
</table>

Note: The information contained herein is based on current market conditions and may change from time to time based on changes in such conditions, regulatory changes and other relevant factors. Accordingly, our investment strategy, risk mitigation measures and other information contained herein may change in response to the same.

4. The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments

In retail securitised debt investments, we will invest majorly in asset backed pools such as Medium and Heavy Commercial Vehicles, Light Commercial Vehicles (LCV), Cars, and Construction Equipment etc. Where we invest in Single Loan Securitization, as the credit is on the underlying issuer, we focus on the credit review of the borrower. A credit analyst sets up limit for various issuers based on independent research taking into account their historical track record, prevailing rating and current financials. In addition to the framework as per the table above, we also take into account following factors, which are analyzed to ensure diversification of risk and measures identified for less diversified investments:

- Size of the loan: In retail loans securitisation, the major risk diversification is achieved on account of granularity i.e. higher number of contracts available. However, excessive reliance on very small ticket size should be avoided as it may result in difficult and costly recoveries.

- Original maturity of the pool: Ideal original maturity of the contract varies for different retail loans. For Cars / Commercial Vehicles / Construction Equipment, it lies around 60 months while for mortgage, it lies around 240 months. For microfinance loans, it lies around 12 months. Lower original maturity for asset backed retail loans means faster buildup of borrowers’ equity into the asset as well as his higher borrowing capacity.

- Loan to Value Ratio: Loan to Value ratio means value of the loan taken compared to value of the assets offered as security. In case of secured loan, higher Loan to Value ratio means higher probability of losses in case asset is repossessed and sold in case of delinquency. We prefer contracts with lower loan to value ratio than higher loan to value ratio.

- Seasoning of the pool: Higher the time period the contracts have remained with the originator / issuer, the lower is the default risk on such contracts. This is because of the higher buildup of borrower’s equity into the asset as the time gradually passes. We prefer higher seasoned contracts than lower seasoned contracts.

- Current performing pools: We normally ensure that majority of the contracts in the pools are current to reduce default rate.. The rationale here being, as against current performing contract, the overdue contracts are certainly in higher risk category.

- Geographical Distribution: Regional/state/branch distribution is preferred to avoid concentration of assets in a particular region/state/branch.

- Default Rate Distribution: We prefer branches/states where default rate is less than branches/states where default rates are high to avoid concentration of assets from poor performing regions.

- Risk Tranching: Typically, we would avoid investing in mezzanine debt or equity of Securitized debt in the form of sub ordinate tranche, without specific risk mitigant strategies / additional cash / security collaterals/guarantees, etc.

- Credit Enhancement Facility: We prefer credit enhancement which is in form of cash / bank guarantee than in the form of over-collateralization of the pool / excess interest spread available in the pool. The rationale here being, as against cash collateral, excess interest spread / overcollateralization collateral fluctuate in line with performance of the pool. When the performance of the pool deteriorates, there is lesser current collateral available on account of over-collateralization of the pool / excess interest spread available than the original envisaged one.

- Liquid Facility: In many retail asset classes like commercial vehicle, there can be some delay in payment from borrower due to pressure on its working capital. However, this delay usually does not go beyond 5-6 months as in the meantime he receives payment from his customers and clear his overdue portion of the loan. In that kind of asset classes, we prefer pool with liquid facility as it balances the intermittent liquidity requirement of the pool.

- Structure of the Pool: Structure of a transaction can either be at par or at a premium, depending on whether the pool principal is sold at par or at a premium to investors. We prefer pool where it is sold on par basis.
5. **Minimum retention period of the debt by originator prior to securitization**

For investments in PTCs, where the assets have been pooled, the minimum retention period for each of the contract should be 1 month with an average tenure of up to 24 months and 2 months for contracts with an average tenure of more than 2 years. For overall minimum retention period, please refer to Table 1.

6. **Minimum retention percentage by originator of debts to be securitized**

PI refer to Table 1 which illustrates additional collaterals taken against each type of asset class, which is preferred over the minimum retention percentage by the originator of the loan. The rationale is that collateral is available at all points of time and is available at all point of times in case of any fructification of any probable losses where in retention percentage keeps running down as time passes and may not be available in case of any fructification of any probable losses.

7. **The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund**

Investments made by the scheme in any asset are done based on the requirements of the scheme and is in accordance with the investment objectives and the asset allocation pattern of a fund. All Investments are made entirely at an arm's length basis with no consideration of any existing / consequent investments by any party related to the transaction (originator, issuer, borrower etc.). The robust credit process ensures that there is no conflict of interests when a scheme invests in securitized debt of an originator and the originator in turn makes investment in that particular scheme.

There might be instances of Originator investing in the same scheme but both the transactions are at arm’s length and avoid any conflict of interest. In addition to internal controls in the fixed income investment process, there is regular monitoring by the risk management group and investment committee. Normally the issuer who is securitizing instrument is in need of money and is unlikely to have a long term surplus to invest in mutual fund scheme.

Furthermore, there is clear cut segregation of duties and responsibilities with respect to Investment function and Sales function. Investment decisions are being taken independently based on the above mentioned parameters and investment by the originator in the fund is based on their own evaluation of the fund vis a vis their investment objectives.

8. **In general, the resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt.**

The risk assessment process for securitized debt, as detailed in the preceding paragraphs, is same as any other credit. The investments in securitized debt are done after appropriate research by credit analyst. The ongoing performance of the pool is monitored to highlight any deterioration in its performance.

The resources for and mechanisms of individual risk assessment with the AMC for monitoring investment in securitized debt are as follows:

- **Fixed Income Team - Risk assessment and monitoring of investment in Securitized Debt** is done by a team comprising of Credit Analyst, Head of Fixed Income and Head of Credit Research.
- In addition to internal controls in the fixed income investment process, there is regular monitoring by the risk management group and investment committee.
- Ratings are monitored for any movement - Based on the interaction with the credit rating agency and their performance report, ratings are being monitored accordingly.
- Wherever the funds portfolio is disclosed, the AMC may give a comprehensive disclosure of Securitised debt instruments held in line with SEBI requirement.

**Note:** The information contained herein is based on current market conditions and may change from time to time based on changes in such conditions, regulatory changes and other relevant factors. Accordingly, our investment strategy, risk mitigation measures and other information contained herein may change in response to the same.

### Derivatives and Hedging Products:

The scheme may use derivative instruments like Interest rate swaps, Forward rate agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing as may be permitted under the Regulations and Guidelines.

An interest rate swap is a financial contract between two parties exchanging a stream of interest payments for a notional principal amount on multiple occasions during a specified period. Typically, one party receives a pre-determined fixed rate of interest while the other party receives a floating rate, which is linked to a mutually agreed benchmark with provision for mutually agreed periodic resets. The fund intends to use derivatives for hedging & portfolio balancing as permitted under the SEBI Regulations & Guidelines. To hedge & balance the portfolio derivative instruments like interest rate swaps & forward rate agreements would be used to create synthetic fixed rate bonds/ floating rate bonds. We wish to submit that, creation of synthetic fixed rate bonds/floating rate bonds is a hedging and portfolio rebalancing technique. An example is stated below to explain the said proposition.

Swaps can be used to create synthetic fixed rate instruments - Let us take the example of a 3 Yr floating rate bond with a spread of 50 bps (basis points) over a benchmark. Ordinarily, this fetches the investor a yield of the benchmark (which is floating) plus 50 bps on an annualized basis. However, by receiving the 3 yr fixed rate on the swap side, what happens is that the bond gets converted into a fixed rate bond. Let us assume that the 3 yr swap on the same benchmark is received for the same principal amount at the rate 7.25%. Broadly then, the investor receives fixed cash flows of 7.25%, pays the floating benchmark rate, and receives the floating rate of the bond (which comprise the benchmark rate and the "spread" of 50 bps). The floating cash flows of the benchmark cancel each other out and the investor is left with a synthetic fixed rate bond yielding him 7.75% (7.25% plus the ‘spread’ of 50bps). Thus through the swap, the floating rate bond gets converted ‘synthetically’ into a fixed rate bond.
Accounts are generally settled on a net basis on predetermined settlement dates. Accordingly, on each agreed payment date, amounts owed by each party is calculated by applying the agreed rate i.e. fixed in one case and floating in the other, on the notional amount. The party who owes the higher amount i.e. the difference between the interest rate amount and the floating interest rate amount or vice versa, makes a payment of the net amount. No principal amount is exchanged. 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.

**Example** - The most common type of swaps is where one party agrees to pay a fixed rate of interest (fixed-rate payer) to the other party who agrees to pay a floating rate of interest (floating-rate payer). The payments are exchanged on designated dates during the life of the contract at agreed rates.

Suppose, the view on interest rate is that they would come down over the next three months if a particular investment is yielding a rate of return at 10% p.a. currently, the Fund Manager would like to lock-in this rate of return which in a downward interest rate scenario would appear attractive.

He, then, enters into a swap transaction with a counterparty that is willing to pay a fixed rate of 10% p.a. and accept a floating rate linked to say, MIBOR which would vary everyday but is currently at 7% p.a. The transaction would be represented thus: Receives fixed rate@10% p.a. NIMF Counterparty B

Pays Floating Rate MIBOR

Note - No principal amount is exchanged. A notional principal amount is agreed upon for interest calculation purposes. Only the difference between the two rates is exchanged at agreed intervals or payment dates. When fixed interest rate amount is higher, the fixed rate payer pays the difference amount i.e. fixed interest rate amount minus the floating interest rate amount or vice-versa.

**Forward Rate Agreements (FRAs)**

FRA is a financial contract between parties agreeing to exchange interest payments for a notional principal amount on settlement dates for a specified period from start date to maturity date.

Example: Suppose, NIMF has funds to invest after two months for a period of three months. The Fund Manager expects interest rates to soften in the next two months. He, therefore, would like to lock-in the interest rate today for his investment to be made after two months. The instrument in which he wishes to invest is a 91-day Treasury Bill at 8.25% p.a. He, therefore, enters into an agreement where he sells a 2 x 5 FRA for a notional principal amount. 2 represent the start date of the FRA and 5 represents the maturity date or end date.

The details will be as under:

- **Asset:** 91-day T' Bill
- **Tenure:** 3 months commencing from 2 months from date of agreement.
- **Indicative** 2 x 5 : 8.25% p.a.
- **Benchmark:** 91-day T' Bill cut-off yield on the last auction preceding settlement date

So NIMF receives 8.25% p.a. on the notional amount on settlement date. Counterparty will receive 91-day T' Bill cut-off rate on the 91-day T' Bill auction, on the auction just preceding the settlement date.

Both, IRS and FRAs can be thus effectively used as hedging products for interest rate risks.

**Risk Factors** - Derivatives products carry the credit risk (risk of default by counterparty), market risk (due to market movements) and liquidity risk (due to lack of liquidity in derivatives). No principal amount is exchanged. A notional principal amount is agreed upon for interest calculation purposes. Only the difference between the two rates is exchanged at agreed intervals or payment dates. When fixed interest rate amount is higher, the fixed rate payer pays the difference amount i.e. fixed interest rate amount minus the floating interest rate amount or vice-versa.

Example: The most common type of swaps is where one party agrees to pay a fixed rate of interest (fixed-rate payer) to the other party who agrees to pay a floating rate of interest (floating-rate payer). The payments are exchanged on designated dates during the life of the contract at agreed rates.

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He, then, enters into a swap transaction with a counterparty that is willing to pay a fixed rate of 10% p.a. and accept a floating rate linked to say, MIBOR which would vary everyday but is currently at 7% p.a. The transaction would be represented thus: Receives fixed rate@10% p.a.

In terms of SEBI Circular Cir/IMD/DF/11/2010 dated August 18, 2010, following shall be applicable:

1. The cumulative gross exposure through debt and derivative positions should not exceed 100% of the net assets of the scheme.
2. Mutual Funds shall not write options or purchase instruments with embedded written options.
3. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
4. Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counterparty in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.

**F. FUNDAMENTAL ATTRIBUTES**

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

1. **TYPE OF SCHEME:**
   - A Close Ended Income Scheme
(2) INVESTMENT OBJECTIVES:
   a. The primary investment objective of the scheme is to seek to generate returns and growth of capital by investing in a diversified portfolio of the following securities maturing on or before the date of maturity of the scheme with the objective of limiting interest rate volatility -
      • Central and State Government securities and
      • Other fixed income/debt securities
   
   However, there can be no assurance or guarantee that the investment objective of the scheme will be achieved.
   b. Investment pattern – Refer to Section II - C: “How will the Scheme allocate its assets?”

(3) TERMS OF ISSUE
   a) Liquidity provisions such as listing, repurchase and redemption – The Regulations require that every close end scheme (except Equity Linked Saving Scheme) shall be mandatorily listed on a recognised stock exchange. The units of the plan under the scheme will be listed on the BSE Ltd or other stock exchanges as may be decided by NAM India from time to time. 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 BSE Ltd, an investor can buy/sell units of the Plan under the Scheme on a continuous basis on the BSE Ltd and other recognized stock exchanges where units will be listed.
   
   Investors holding the units by way of an account statement (physical form) will not be able to redeem their units during the tenure 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.
   
   The requirement of minimum investment will not be applicable on listing of units. The trading lot is one unit of the Plan. 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 are 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.
   b) Aggregate fees and expenses charged to the Scheme:
      New Fund Offer (NFO) Expenses
      Refer to Section IV - A : New Fund Offer (NFO) Expenses.
      Annual Scheme Recurring Expenses
      Refer to Section IV - B : Annual Scheme Recurring Expenses.
   c) Any safety net or guarantee provided – Not Applicable
   
   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) there under or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) there under and affect the interests of Unitholders is carried out unless:
      i. 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
      ii. 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?

Crisil Composite Bond Fund Index

The scheme intends to have similar instruments as constituted in Crisil Composite Bond Fund Index as applicable for the scheme. The portfolios are similar not only in term of the construct but also in terms of risk return parameters in question. Using this benchmark shall provide the investor with an independent and representative comparison with the fund portfolio.

H. WHO MANAGES THE SCHEME?

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Educational Qualification</th>
<th>Type and Nature of past experience including assignments held during the past 10 years</th>
<th>Name of the Scheme managed</th>
</tr>
</thead>
</table>
I. WHAT ARE THE INVESTMENT RESTRICTIONS?

The investment policy of the scheme complies with the rules, regulations and guidelines laid out in SEBI (Mutual Funds) Regulations, 1996. As per the Regulations, specifically the Seventh Schedule, the following investment limitations are currently applicable:

1. The scheme being a close ended scheme, shall invest only in such securities which mature on or before the date of maturity of the scheme.

2. Mutual fund scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market 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 12% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company.

Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and Tri-party Repo: Provided further that investment within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with the Board:

Provided further that the schemes already in existence shall within an appropriate time and in the manner, as may be specified by the Board, conform to such limits.

3. Mutual Funds/AMCs shall ensure that total exposure of debt schemes of mutual funds in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme.

Such investment limit may be extended to 25% of the net assets of the scheme with the prior approval of the Board of Trustees.

4. Investment in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. by mutual fund schemes shall be subject to the following:

a. Investments should only be made in such instruments, including bills re-discounting, usance bills, etc., that are generally not rated and for which separate investment norms or limits are not provided in SEBI (Mutual Fund) Regulations, 1996 and various circulars issued thereunder.

b. Exposure of mutual fund schemes in such instruments, shall not exceed 5% of the net assets of the schemes.

c. All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.

Mutual fund schemes may invest in unlisted Non-Convertible Debentures (NCDs) not exceeding 10% of the debt portfolio of the scheme subject to the condition that such unlisted NCDs have a simple structure (i.e. with fixed and uniform coupon, fixed maturity period, without any options, fully paid up upfront, without any credit enhancements or structured obligations) and are rated and secured with coupon payment frequency on monthly basis.

5. The investment of mutual fund schemes in the following instruments shall not exceed 10% of the debt portfolio of the schemes and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the schemes:

a. Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and

b. Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade.

Investment in debt instruments, having credit enhancements backed by equity shares directly or indirectly, shall have a minimum cover of 4 times considering the market value of such shares.

6. Transfers of investments from one scheme to another scheme in the Mutual Fund shall be allowed only if:

a. Such transfers are done at the prevailing market price for quoted instruments on spot basis;

b. The securities so transferred shall be in conformity with the investment objectives & policies of the Scheme to which such transfer has been made.

7. The Scheme may invest in another scheme under the same asset management company or in any other mutual fund without charging any fees, provided the aggregate inter scheme investments made by all Schemes under the same management company or in schemes under the management of any other AMC shall not exceed 5% of NAV of the Mutual Fund. [Provided that this clause shall not apply to any fund of funds scheme.]

8. The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities and shall in no case put itself in a position whereby it has to make short sale or carry forward transactions or engage in badla finance:

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.

9. The Fund shall get the securities purchased transferred in the name of the Fund on account of the concerned scheme, wherever investments are intended to be of a long-term nature.

10. The fund's schemes shall not make any investment in:

a. Any unlisted security of an associate or group company of the sponsor

b. Any security issued by way of private placement by an associate or group company of the sponsor

c. The investments by debt mutual fund schemes in debt and money market instruments of group companies of both the sponsor and the asset management company shall not exceed 10% of the net assets of the scheme. Such investment limit may be extended to 15% of the net assets of the scheme with the prior approval of the Board of Trustees.

11. The Scheme shall not invest in a fund of funds scheme.

12. Pending deployment of funds of the scheme in securities in terms of the investment objectives and policies of the scheme, the Mutual Fund can invest the fund of the scheme in short term deposits of scheduled commercial banks subject to the guidelines as applicable from time to time.

Pursuant to the SEBI Circular No. SEBI/IMD/CIR No. 1/91171/07 dated April 16, 2007 read with SEBI Circular No. SEBI/HO/IMD/DF4/
CIR/P/2019/093 dated August 16, 2019, where the cash in the scheme is parked in short term deposits of Scheduled Commercial Banks pending deployment, the scheme shall abide by the following guidelines:

- “Short Term” for parking of funds shall be treated as a period not exceeding 91 days.
- Such short-term deposits shall be held in the name of the respective Plan(s) of the Scheme.
- The scheme shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustee.
- Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
- The scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
- The scheme shall not park funds in short term deposit of a bank, which has invested in the Scheme. Further, the bank in which a scheme has short term deposit will not invest in the said scheme until the scheme has short term deposit with the bank.
- NAM India will not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks.

13. In case any company has invested more than 5% of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the same Mutual Fund in that company or its subsidiaries, if any, shall be brought to the notice of the Trustees by NAM India and be disclosed in the half-yearly and annual accounts with justification for such investment provided that the latter investment has been made within one year of the date of the former investment calculated on either side.

14. The Scheme will comply with any other regulations applicable to the investments of mutual funds from time to time.

15. NAM India will ensure that total exposure of the scheme in a particular sector (excluding investments in Bank CDs, short term deposits of scheduled commercial banks, Tri-Party Repo, G-Secs, T-Bills and AAA rated securities issued by Public Financial Institutions and Public Sector Banks and such other instruments if any as may be specified by SEBI from time to time) shall not exceed 20% or such other percentage of the net assets of the scheme, as prescribed by SEBI from time to time.

An additional exposure to financial services sector (over and above the limit of 20%) not exceeding 10% of the net assets of the scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) rated AA and above and registered with National Housing Bank (NHB). Further, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio. However, such total investment / exposure in HFCs shall not exceed 20% of the net assets of the scheme or such other percentage of the net assets of the scheme, as prescribed by SEBI from time to time.

Further, to clarify please note that all the above mentioned provisions and investments made in line with the above mentioned circumstances/variations are independent of this scenario

16. The Gross exposure of the scheme to repo transactions in corporate debt securities shall not be more than 10% of the net asset scheme.

17. The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase / Redemption of Units or payment of interest and Dividend to the Unitholders.

Provided that the Fund shall not borrow more than 20% of the net assets of any individual Scheme and the duration of the borrowing shall not exceed a period of 6 months.

In case of borrowing through repo transactions the tenure of such transaction shall not exceed a period of six months

18. The scheme shall participate Repo in corporate debt securities in accordance with SEBI Circular CIR / IMD / DF / 19 / 2011 dated November 11, 2011 and such other directions issued by RBI and SEBI from time to time.

The Gross exposure of the scheme to repo transactions in corporate debt securities shall not be more than 10% of the net asset of the scheme.

The cumulative gross exposure through repo transactions in Corporate debt securities along with debt, Money Market and derivative positions shall not exceed 100% of the net assets of the scheme or guidelines as may be specified by SEBI from time to time.

All investment restrictions stated above shall be applicable at the time of making investment.

The Scheme will not enter into any transaction which exposes it to unlimited liabilities or results in the encumbering of its assets in any way so as to expose them to unlimited liability.

These investment limitations / parameters as expressed / linked to the net asset / net asset value / capital, shall in the ordinary course, apply as at the date of the most recent transaction or commitment to invest. Changes do not have to be effected merely because of appreciation or depreciation in value or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any scheme of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, AMC shall adopt as a priority objective the remediying of that situation, taking due account of the interests of the Unit holders.

19. The scheme shall not provide any loan

**Internal Norms for Investment Restrictions:**

At NIMF, to ensure robust risk management and adequate portfolio diversification internal Investment policy for various debt schemes has been framed. The investment policy at NIMF specifies limits both on overall basis (across all schemes) as well as on individual scheme level. Guidelines for following parameters for liquid as well as non liquid schemes have been specified in the policy:

1. Eligible Instruments: Defines the eligible instruments where the scheme can invest
2. Minimum Liquidity: Defines the instruments considered as liquid instruments and the minimum investments in these instruments as a percentage of total net assets
3. Maximum Illiquid component: Defines the instruments considered as illiquid and the maximum investment that can be made in these instruments as a percentage of net assets.

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4. Rating: Defines minimum and/or maximum investment in a particular rating as a percentage of total portfolios.
5. Maturity: Defined the weighted average maturity of a portfolio. Also defines the weighted average maturity, maximum and maturity for certain asset types like corporate bond, Gilts etc.

The Trustee Company / AMC may alter these above stated limitations from time to time, and also to the extent the Regulations change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments in order to achieve its investment objectives & policies. As such all investments of the Scheme shall be made in accordance with the Regulations, including Schedule VII thereof, and the Fundamental Attributes of this Scheme.

**INVESTMENT BY THE AMC IN THE SCHEME:**

In line with SEBI Regulations and circulars issued by SEBI from time to time, the AMC may invest its own funds in the scheme(s), subject to disclosure being made in the Scheme Information Documents (s). Further, the AMC shall not charge any fees on its investment in the Scheme (s), unless allowed to do so under SEBI Regulations in the future.

**J. HOW HAS THE SCHEME PERFORMED?**

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

**K. ADDITIONAL DISCLOSURES**

This Scheme is a new scheme Therefore the following additional disclosures are Not Applicable

a. **Top 10 holdings by issuer and sectors**

<table>
<thead>
<tr>
<th>Holding</th>
<th>Weightage(%)</th>
<th>Sector</th>
<th>Allocation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NA</td>
<td></td>
<td>NA</td>
<td></td>
</tr>
</tbody>
</table>

Link to obtain schemes latest monthly portfolio holding - https://www.nipponindiamf.com/investor-services/downloads/factsheets/

b. **Portfolio Turnover Ratio**: Not Applicable

c. **Aggregate Investments in the scheme by Board of Directors / Fund Managers / Other Key Managerial Persons**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Aggregate Investments (Rs. in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>NA</td>
</tr>
<tr>
<td>Fund Managers</td>
<td>NA</td>
</tr>
<tr>
<td>Other Key Managerial Persons</td>
<td>NA</td>
</tr>
</tbody>
</table>

Note: Investment by Executive Director-cum-CEO is included in the aggregate investments by Other Key Managerial Persons.
SECTION III - UNITS AND OFFER

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

A. NEW FUND OFFER (NFO)

New Fund Offer Period

This is the period during which a new scheme sells its units to the investors.

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Duration/Tenor*</th>
<th>New Fund Offer Opens</th>
<th>New Fund Offer Closes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nippon India Fixed Horizon Fund - XLII - Series 2</td>
<td>1199 days from the date of allotment of units</td>
<td>February 05, 2020</td>
<td>February 06, 2020</td>
</tr>
</tbody>
</table>

*The maturity period will be calculated from the date of allotment of units. However if the maturity date falls on a non working day, the succeeding working day shall be considered for the purpose of maturity date of the scheme.

NAM India reserves the right to modify the New Fund Offer (NFO) period of the Scheme through extension or early closure, subject to the condition that the NFO Period including the extension, if any, shall not be more than 15 days by giving a notified period.

New Fund Offer Price

This is the price per unit that the investors have to pay to invest during the NFO.

<table>
<thead>
<tr>
<th>Minimum Amount for Application in the NFO</th>
<th>Rs. 10 per unit</th>
</tr>
</thead>
</table>

Minimum Target amount

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 return. However, if AMC fails to refund the amount within 5 business days from the closure of NFO, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of 5 business days from the closure of NFO.

<table>
<thead>
<tr>
<th>Minimum Target amount</th>
<th>Rs. 20 Crore</th>
</tr>
</thead>
</table>

Maximum amount to be raised (if any)

(This is the maximum amount which can be collected during the NFO period, as decided by the AMC.)

| Maximum amount to be raised (if any) | There will not be any limit on the amount to be raised and the Fund will make full and firm allotment against all valid applications. |

Plans / Options offered

The Scheme offers following Plans/Options under the Direct Plan and Regular Plan:

(a) Growth Option (b) Dividend payout Option

Growth Option:

No dividend distribution is envisaged under this option. The income attributable to the units allotted under this option will continue to remain invested in the option and will be reflected in the Net Asset Value of units under the option.

Dividend Payout Option:

Distribution of dividend will be subject to the availability of distributable surplus, as computed in accordance with the SEBI Regulations and the Mutual Fund reserves the right to declare dividends during the interim period. There is no assurance or guarantee as to the rate and frequency of dividend distribution.

Dividends as and when declared will be paid to eligible unitholders of record, within 30 days of the declaration of dividend. Declaration of dividend shall be in line with applicable SEBI circulars and guidelines issued from time to time. Kindly refer section on Dividend Policy for complete details.

Investors are required to clearly indicate the plans/options in the application form of the scheme.

Investor may note that following shall be applicable for default plan

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Broker Code mentioned by the investor</th>
<th>Plan mentioned by the investor</th>
<th>Default Plan to be captured</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not mentioned</td>
<td>Not mentioned</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>2</td>
<td>Not mentioned</td>
<td>Direct Plan</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>3</td>
<td>Not mentioned</td>
<td>Regular Plan</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>4</td>
<td>Mentioned</td>
<td>Direct Plan</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>5</td>
<td>Direct</td>
<td>Not Mentioned</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>6</td>
<td>Direct</td>
<td>Regular Plan</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>7</td>
<td>Mentioned</td>
<td>Regular Plan</td>
<td>Regular Plan</td>
</tr>
<tr>
<td>8</td>
<td>Mentioned</td>
<td>Not Mentioned</td>
<td>Regular Plan</td>
</tr>
</tbody>
</table>
In cases of wrong/ invalid/ incomplete ARN codes mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load.

Similarly, in the absence of clear indication as to the choice of option (Growth or Dividend Payout), by default, the units will be allotted under the Growth Option of the default / selected plan of the scheme.

### Dividend Policy

Dividend declaration / distribution shall be made in accordance with SEBI circular no. SEBI/IMD/ CIR No.1/64057/06 dated April 4, 2006 or any amendment thereto from time to time. Record date shall be the date which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of unit holders for receiving dividends. Further, the NAV shall be adjusted to the extent of dividend distribution and statutory levy, if any, at the close of business hours on record date.

1. **Quantum of dividend and the record date shall be fixed by the trustees in their meeting.** Dividend so decided shall be paid, subject to availability of distributable surplus.
2. **Record date shall be the date which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of unit holders for receiving dividends.** Further, the NAV shall be adjusted to the extent of dividend distribution and statutory levy, if any, at the close of business hours on record date.
3. **Within one calendar day of the decision by the trustees, AMC shall issue notice to the public communicating the decision including the record date.** The record date shall be 5 calendar days from the issue of notice.
4. **Such notice shall be 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.**
5. **Before the issue of such notice, no communication indicating the probable date of dividend declaration in any manner whatsoever may be issued by any mutual fund or distributors of its products.**

The requirement of giving notice shall not be compulsory for the scheme having frequency of dividend distribution from daily upto monthly dividend.

### Policy on Unclaimed Redemption and Dividend Amounts

As per SEBI guidelines, the unclaimed redemption and dividend amounts shall be deployed in call money market or money market instruments only or such other instruments, as permitted under Regulations. The investors who claim such amounts during the period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount will be transferred to a pool account and the investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds shall be used for the purpose of investor education.

The Fund will make continuous efforts to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by AMC for managing unclaimed amounts shall not exceed 50 basis points.

### Allotment

All the applicants whose subscription proceeds have been realised will receive full and firm allotment of Units, provided their applications are valid in all other respects. NAM India retains the discretion to reject any application.

NAM India shall allot the units to the applicant whose purchase or switch application has been accepted and also send confirmation specifying the number of units allotted to the applicant by way of email and/or SMS’s to the applicant’s registered email address and/or mobile number as soon as possible but not later than five working days from the date of closure of the new fund offer period.

Where units are held by investor in dematerialised form, the demat statement issued by the DP would be deemed adequate compliance with the requirements in respect of dispatch of statements of account.

All Units will rank pari passu amongst Units within the same Scheme / Plan as to assets, earnings and the receipt of dividend distribution, if any.

### Refund

If any subscription / switch application is rejected, full amount will be refunded within 5 working days of closure of the NFO. No interest will be payable on any subscription money refunded within 5 working days from closure of NFO. If refunded later than 5 working days, interest @ 15% p.a. for the delay period will be paid to the applicant and borne by the AMC for the period from the day following the date of expiry of 5 working days until the actual date of the refund.

Refund orders will be marked “A/c. payee only” and drawn in the name of the applicant in the case of a sole applicant and in the name of the first applicant in all other cases, mentioning the bank account number and bank name of the sole / first applicant, as specified in the application form. In case the bank account details are not available or incomplete, the refund order will be issued without the bank account details of the applicant at the applicant’s own risk.

The bank and/ or collection charges, if any, will be borne by the applicant. All the refund payments will be sent by registered post or courier service or as required under the Regulations.
Who can invest
This is an indicative list. Prospective investors are advised to satisfy themselves that they are not prohibited by any law governing such entity and any Indian law from investing in the Scheme and are authorized to purchase units of mutual funds as per their respective constitutions, charter documents, corporate / other authorizations and relevant statutory provisions.

The units of the scheme are being offered to the public for subscription. The following is an indicative list of persons who can invest in the Plans under the Scheme:

1. Resident adult individuals, either singly or jointly (not exceeding three);
2. Minor through parent / lawful guardian; (please see the note below)
3. Non-Resident Indians (NRIs) / Persons of Indian Origin (PIO) on full repatriation basis or on non-repatriation basis;
4. A Hindu Undivided Family (HUF) through its Karta;
5. Companies, bodies corporate, public sector undertakings, association of persons or bodies of individuals and societies registered under the Societies Registration Act, 1860;
6. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private Trusts authorised to invest in mutual fund schemes under their trust deeds;
7. Partnership Firms constituted under Partnership Act, 1932;
8. Banks (incl.Co-operative Banks and Regional Rural Banks) and Financial Institutions;
9. Army, Air Force, Navy and other para-military funds and eligible institutions;
10. Scientific and Industrial Research Organisations;
11. Provident / Pension / Gratuity and such other Funds as and when permitted to invest;
12. International Multilateral Agencies approved by the Government of India / RBI;
13. The Trustee, AMC or Sponsor or their associates (if eligible and permitted under prevailing laws); and
14. A Mutual Fund through its schemes, including Fund of Funds schemes.
15. Qualified Foreign Investor (please refer SAI for further details.)
16. Foreign Portfolio Investors (FPI) as defined in Regulation 2(1) (h) of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014

It is expressly understood that at the time of investment, the investor has the express authority to invest in units of the Scheme and the AMC / Trustee / Mutual Fund will not be responsible if such investment is ultra-vires the relevant law/ rules / regulations.

Note:

1. **Investments in Cash:** SEBI Circular dated September 13, 2012 and May 22, 2014 provides various provisions relating to Cash investments in Mutual Funds, however the Scheme does not intend to accept Cash towards subscription in the Scheme.

2. Neither this Scheme Information Document ("SID")/ Key Information Document ("KIM")/ Statement of Additional Information ("SAI") ["Scheme Related Documents"] nor the units of the scheme(s) have been registered under the relevant laws, as applicable in the territorial jurisdiction of United States of America nor in any provincial/ territorial jurisdiction in Canada. It is being clearly stated that the Scheme Related Documents and/or the units of the schemes of Nippon India Mutual Fund have been filed only with the regulator(s) having jurisdiction in the Republic of India. The distribution of these Scheme Related Documents in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of these Scheme Related Documents are required to inform themselves about, and to observe any such restrictions.

No persons receiving a copy of these Scheme Related Documents or any KIM accompanying application form jurisdiction may treat such Scheme Related Documents as an invitation to them to subscribe for units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly these Scheme Related Documents do not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of such persons in possession of the Scheme Related Documents and any persons wishing to apply for units pursuant to these Scheme Related Documents to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction.

The NAM India shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the NAM India. The investor shall be responsible for complying with all the applicable laws for such investments.

The NAM India reserves the right to put the transaction requests on hold/reject the transaction request/reverse allotted units, as the case may be, as and when identified by the NAM India, which are not in compliance with the terms and conditions notified in this regard.

**Foreign Account Tax Compliance**
In accordance with the relevant provisions of the Foreign Account Tax Compliance Act ("FATCA") as contained in the United States Hiring Incentives to Restore Employment ("HIRE") Act, 2010, there is a likelihood of withholding tax being levied on certain income/ receipt sourced from the subjects of United States of America ("US") with respect to the schemes, unless such schemes are FATCA compliant.
In this regard, the respective governments of India and US have signed an Inter Governmental Agreement-1 (IGA) on July 9, 2015. In the terms of this proposed IGA, Nippon India Mutual Fund (“NIMF”) and/ or Nippon Life India Asset Management Limited (“NAM India”/ “AMC”) classified as a “Foreign Financial Institution” and in which case NIMF and/ or NAM India would be required, from time to time, to (a) undertake the necessary due-diligence process; (b) identify US reportable accounts; (c) collect certain required information/ documentary evidence (“information”) with respect to the residential status of the unit holders; and (d) directly or indirectly disclose/ report/ submit such or other relevant information to the appropriate US and Indian authorities. Such information may include (without limitation) the unit holder’s folio detail, identity of the unit holder, details of the beneficial owners and controlling persons etc.

In this regard and in order to comply with the relevant provisions under FATCA, the unit holders would be required to fully cooperate & furnish the required information to the AMC, as and when deemed necessary by the latter in accordance with IGA and/ or relevant circulars or guidelines etc, which may be issued from time to time by SEBI/ AMFI or any other relevant & appropriate authorities. The applications which do not provide the necessary information are liable to be rejected. The applicants/ unit holders/ prospective investors are advised to seek independent advice from their own financial & tax consultants with respect to the possible implications of FATCA on their investments in the scheme(s). The underlying FATCA requirements are applicable from July 1, 2014 or such other date, as may be notified. In case required, NIMF/ NAM India reserves the right to change/ modify the provisions (mentioned above) at a later date.

The Fund reserves the right to include / exclude new / existing categories of investors to invest in the Schemes, subject to SEBI Regulations and other prevailing statutory regulations, if any.

| Where can you submit the filled up applications. | Investors may submit the duly completed application forms along with the payment instrument at any of the Designated Investor Service Centres mentioned in this Scheme Information Document or any other location designated as such by the AMC, at a later date. The addresses of the Designated Investor Service Centres are given at the end of this Scheme Information Document and also on the website, www.nipponindiamf.com. Investors in cities other than where the Designated Investor Service Centres (DISC) are located, may forward their application forms to any of the nearest DISC, accompanied by Demand Drafts payable locally at that DISC.

As per the directives issued by SEBI, it is mandatory for an investor to declare his/her bank account number in the application form. This is to safeguard the interest of unitholders from loss or theft of their redemption cheques / DDs. Additionally, if the bank details provided by investors are different from the details available on instrument, AMC may seek additional details from investors to validate the bank details provided by investors.

ASBA applications can be submitted only at Self Certified Syndicate Bank (SCSB) at their designated branches. List of SCSBs and their designated branches shall be displayed on the SEBI’s website (www.sebi.gov.in). |

| How to Apply | Please refer to the SAI and Application form for the instructions. |

| Listing | The units of the scheme shall be listed on BSE Ltd. However the trustees reserve the right to list the units on any other Stock Exchange. The Regulations require that every close-end scheme (except Equity Linked Saving Scheme) be mandatorily listed on a recognised stock exchange. Investors will not be able to redeem their units during the tenure 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. |

| Special Products / facilities available during the NFO | The following Special Products / features shall be available.

**Auto Switch Facility**

This fund will offer an auto switch facility from all Liquid and Debt Schemes of Nippon India Mutual Fund to Nippon India Fixed Horizon Fund - XLII - Series 2 during the NFO. However, NAM India reserves the right to extend or limit the said facility on such terms and conditions as may be decided from time to time.

**Applications Supported by Blocked Amount (ASBA) facility**

ASBA facility will be provided to the investors subscribing to NFO of the Scheme. It shall co-exist with the existing process, wherein cheques/ demand drafts are used as a mode of payment. Detailed provision of such facility have been provided in SAI.

**Alternate means of transaction - Online Transaction**

Facility of online transactions is available on the official website of NIMF i.e. www.nipponindiamf.com. Consequent to this, the said website is declared to be an “official point of acceptance” for applications for subscriptions or switches during the NFO period. Investors should note that transactions on the website shall be subject to the eligibility of the investors, any terms & conditions as stipulated by NIMF / NAM India from time to time and any law for the time being in force.

**Facilitating transactions through Stock Exchange Mechanism**

In terms of SEBI Circular SEBI/IMD/CIR No.11/183204/ 2009 dated November 13, 2009, units of the Scheme can be transacted through all the registered stock brokers of the National Stock Exchange of India Limited on NSE Mutual Fund Platform (NMFI Platform) and / or BSE Ltd(BSE StAR MF) who are also registered with AMFI and are empanelled as distributors with NAM India. Accordingly such stock brokers shall be eligible to be considered as ‘official points of acceptance’ of NIMF. |
Further, in terms of SEBI circular nos. CIR/MRD/DSA/32/2013 dated October 04, 2013 and CIR/MRD/DSA/33/2014 dated December 09, 2014, Mutual fund Distributor (MF distributor) registered with Association of Mutual Funds in India (AMFI) and permitted by the concerned recognized stock exchanges shall be eligible to use recognized stock exchanges’ infrastructure to purchase, redeem and Switch mutual fund units on behalf of their clients, directly from NIMF/ NAM India. The MF distributors shall not handle payout and pay in of funds as well as units on behalf of investor. Pay in will be directly received by recognized clearing corporation and payout will be directly made to investor account. In the same manner, units shall be credited and debited directly from the demat account of investors.

At Present, the switch facility in the units of NIMF schemes shall be made available only on BSE STAR MF platform (for other Stock Exchanges platform this facility will be made available as and when it will be introduced by them). Further, Switch transactions shall be accepted for units held in demat mode as well as in physical mode.

International Security Identification Numbers (ISIN) in respect of the plans / options of the Scheme will be created and will be admitted to National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and can be transacted using the beneficiary accounts maintained with any of the respective Depository Participants (DPs). The units will be allotted in the depository mode. The facility of transacting in mutual fund schemes through stock exchange infrastructure is available subject to such limits, operating guidelines, terms and conditions as may be prescribed by the respective Stock Exchanges from time to time.

Where units are held by investor in dematerialised form, the demat statement issued by the DP would be deemed adequate compliance with the requirements in respect of despatch of statements of account. The KYC performed by DP shall be considered compliance with SEBI Circular ISD/AML/CIR-1/2008 dated December 19, 2008.

Transactions through Nippon India Mutual Fund Application:
Transaction through Nippon India Mutual Fund application is a facility, whereby investors can Purchase / Switch / Redeem units, view account details & request for account statement using their Personal Computer, Tablet, Mobile Phone or any other compatible electronic devices, which has internet facility subject to certain conditions.

In order to process such transactions Internet Personal Identification Number (I-PIN) which is issued by NIMF for transacting online through the website/application should be used. For the said purpose, NIMF Application, https://nipponindiamf.com are considered to be an "official point of acceptance".

The Uniform Cut - off time as prescribed by SEBI and mentioned in the SID/ KIM shall be applicable for applications received through such facility. This facility of transacting in mutual fund schemes is available subject to such limits, operating guidelines, terms and conditions as may be prescribed by the NIMF from time to time.

NIMF / NAM India reserve the right to introduce, change, modify or withdraw the features available in this facility from time to time.

Transactions through Electronic platform of KFin Technologies Private Limited:
Investors can transact in the schemes of Nippon India Mutual Fund (NIMF) through the Electronic platform of KFin Technologies Private Limited (KFinTech), Registrar and Transfer Agent of NIMF, i.e. website www.karvymfs.com and mobile application ‘KTRACK’ (or any other name as specified from time to time). The said website and mobile application is also an “official point of acceptance” for applications for subscriptions, redemptions, switches and other facilities. The Uniform Cut-off time as prescribed by SEBI and as mentioned in the Scheme Information Documents of respective schemes shall be applicable for applications received on the website / mobile application. However, investors should note that transactions on the website / mobile application shall be subject to the eligibility of the investors, any terms & conditions as stipulated by KFinTech / Nippon India Mutual Fund / Nippon Life India Asset Management Limited, from time to time and any law for the time being in force. The above facility shall be available for all the schemes of NIMF except Exchange Traded Funds.

PAN EXEMPT INVESTMENTS
In line with SEBI letter no. OW/16541/2012 dated July 24, 2012 addressed to AMFI, Investments in the mutual fund schemes (including investments through Systematic Investment Plans (SIPs)) up to Rs. 50,000/- per investor per year shall be exempted from the requirement of PAN.

Accordingly, for considering the investments made by an investor up to Rs. 50,000/-, an aggregate of all investments including SIPs made by an investor in a Financial Year i.e. from April to March, shall be considered and such investors shall be exempted from the requirement of PAN. However, requirements of Know Your Customer (KYC) shall be mandatory and investors seeking the above exemption of PAN will need to submit the PAN Exempt KYC Reference No (PEKRN) KYC Indentification NO (KIN) acknowledgement issued by KRA / (Central KYC Registry) along with the application form.

This exemption is applicable only for individuals including NRIs, minors acting through guardian, Sole proprietorship firms and joint holders*. Other categories of investors e.g. PIOs, HUFs, QFIs, non-individuals, etc. are not eligible for such exemption.

* In case of joint holders, first holder must not possess a PAN.
<table>
<thead>
<tr>
<th>Section</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investors are requested to note that, in case where a lump sum investment is made during the financial year and subsequently a fresh SIP mandate request is given where the total investments for that financial year exceed Rs. 50,000/-, such SIP application shall be rejected. In case where a SIP mandate is submitted during the financial year and subsequently a fresh lumpsum investment is being made provided when the total investments for that financial year exceeds Rs. 50,000, such lumpsum application will be rejected. Redemptions if any, in the Micro Investment folio, shall not be considered for calculating the exemption limit for such financial year. Consolidation of folio shall be allowed only if the PEKRN in all folios is same along with other investor details. However, Special features such as Systematic Investment Plan (including Micro SIP, SIP Insure); Systematic Transfer Plan &amp; Systematic Withdrawal Plan will not be available in the scheme.</td>
<td></td>
</tr>
<tr>
<td>The policy regarding reissue of repurchased units, including the manner of reissue, the entity (the scheme or the AMC) involved in the same.</td>
<td>The units under the scheme once repurchased, shall not be reissued.</td>
</tr>
<tr>
<td>Restrictions, if any, on the right to freely retain or dispose of units being offered.</td>
<td>The Units of the Scheme are available for trading and transfer only in demat mode via the stock exchanges.</td>
</tr>
<tr>
<td>Trading and Demat</td>
<td>Investors holding the units by way of an account statement (physical form) will not be able to trade their units till they are dematerialized. The Units of the Scheme are available for trading and transfer only in demat mode via the stock exchanges. Since the scheme is going to be listed and no direct repurchase facility is available with the Mutual Fund, the investors who intend to trade in units are required to have a Demat Account and hold the units in the dematerialized form only. This being a Closed Ended Scheme, no premature redemption can be made through redemption instruction to the Mutual Fund until Maturity. However, the Scheme provides for liquidity through listing on the BSE Ltd (and any other recognized stock exchange where the units are listed). Unitholders who intend to avail of the facility to trade in units are required to have a Demat Account.</td>
</tr>
<tr>
<td>Pledge/Lien</td>
<td>Incase of pledged units, the parties to the pledge shall report to the registrar after the suspension of trading but prior to the maturity of the scheme.</td>
</tr>
<tr>
<td>Rollover Facility</td>
<td>At the time of maturity of the scheme, if it is perceived that the market outlook is positive and investment in the similar kind of instruments is likely to fetch better returns for the investors, then in the interest of the Investor, the AMC may decide to roll-over the scheme. The rollover of the scheme shall be subject to compliance with the provisions of regulation 33 (4) of the SEBI (Mutual Funds) Regulations, 1996. The scheme shall be rolled over only after informing / disclosing the purpose, period, material details of the rolled over scheme, including likely composition of assets immediately before the roll over, the net assets and net asset value of the scheme. Such rollover will always be permitted only in case of those unitholders who express their consent in writing. Therefore, due communications will be sent to the investors.</td>
</tr>
<tr>
<td>Know Your Client (KYC) Norms</td>
<td>Know Your Client (KYC) Norms With effect from 1st January 2011, KYC (Know Your Customer) norms are mandatory for investors for making investments in Mutual Funds, irrespective of the amount of investment Further, in order to reduce hardship and help investors dealing with SEBI intermediaries, SEBI issued three circulars - MIRSD/SE/Cir-21/2011 dated October 05, 2011, MIRSD/230/2011 dated December 29, 2011 and MIRSD/Cir-22/2011 dated December 23, 2011 informing SEBI registered intermediaries as mentioned therein to follow, with effect from January 01, 2012, a uniform KYC compliance procedure for all the investors dealing with them on or after that date. SEBI also issued KYC Registration Agency (“KRA”) Regulations 2011 and the guidelines in pursuance of the said Regulations and for In-Person Verification (“IPV”). SEBI has issued circular no. CIR/MIRSD/66/2016 dated July 21, 2016 and no. CIR/MIRSD/120/2016 dated Nov. 10, for uniform and smooth implementation of CKYC norms for onboarding of new investors in Mutual funds with effect from 1st Feb 2017. For more details refer to SAI.</td>
</tr>
</tbody>
</table>
| Implementation of the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 with respect to seeding of Aadhaar number: | Investors are requested to note the following requirements in relation to submission of Aadhaar number and other prescribed details to Nippon India Mutual Fund (NIMF) / Nippon Life India Asset Management Limited (“the AMC”) / KFin Technologies Private Limited (KFinTech) its Registrar and Transfer Agent:  

i. Where the investor is an individual, who is eligible to be enrolled for Aadhaar number, the investor is required to submit the Aadhaar number issued by UIDAI. If such an individual investor is not eligible to be enrolled for Aadhaar number, and in case the Permanent Account Number (PAN) is not submitted, the investor shall submit the PAN or one certified copy of an officially valid document containing details of his identity and address and one recent photograph along with such other details as may be required by the Mutual Fund.  

The investor is required to submit PAN as defined in the Income Tax Rules, 1962. 

ii. Where the investor is a non-individual, Aadhaar numbers and PANs (as defined in Income-tax Rules, 1962) of managers, officers or employees or persons holding an attorney to transact on the investor’s behalf is required to be submitted, apart from the constitution documents. In case PAN is not submitted, an officially valid document is required to be submitted. If a person holding an authority to transact on behalf of such an entity is not eligible to be enrolled for Aadhaar and does not submit the PAN, certified copy of an officially valid document containing details of identity, address, photograph and such other documents as prescribed is required to be submitted. |
Note:
Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) residing abroad and Foreign Institutional Investors (FIIs) have been granted a general permission by Reserve Bank of India for investing in / redeeming units of the mutual funds subject to conditions set out in the Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

In case of application under a Power of Attorney or by a limited company or a corporate body or an eligible institution or a registered society or a trust fund, the original Power of Attorney or a certified true copy duly notarised or the relevant resolution or authority to make the application as the case may be, or duly notarised copy thereof, along with a certified copy of the Memorandum and Articles of Association and/or bye-laws and / or trust deed and / or partnership deed and Certificate of Registration should be submitted. The officials should sign the application under their official designation. A list of specimen signatures of the authorised officials, duly certified / attested should also be attached to the Application Form. In case of a Trust / Fund it shall submit a resolution from the Trustee(s) authorising such purchases and redemptions.

The AMC reserves the right to invest its own funds in the Scheme(s) upto a maximum extent of its networth. As per SEBI Regulations, such investments are permitted, subject to disclosure being made in the respective Scheme Offer Documents (s). Further, the AMC shall not charge any fees on its investment in the Scheme (s), unless allowed to do so under SEBI Regulations in the future.

Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC / FATCA details, updated bank account details including cancelled original cheque leaf of the new account and his specimen signature duly authenticated by his banker / Guardian. No further transactions shall be allowed till the status of the minor is changed to major.

Subject to the Regulations, any application for Units may be accepted or rejected in the sole and absolute discretion of the Trustee. For example, the Trustee may reject any application for the Purchase of Units if the application is invalid or incomplete or if, in its opinion, increasing the size of any or all of the Schemes' Unit capital is not in the general interest of the Unit Holders, or if the Trustee for any other reason does not believe that it would be in the best interest of the Schemes or its Unit Holders to accept such an application.

The AMC / Registrars may need to obtain from the investor proof of identity or such other details relating to a subscription for units as may be required under any applicable laws, which may result in delay in processing the application.

The normal time taken to process redemption and/ or purchase requests, as mentioned earlier, may not be applicable extraordinary circumstances as mentioned above.

An order/ request to purchase Units is not binding on and may be rejected by the Trustee, the AMC or Registrars, unless it has been confirmed in writing by the AMC or its agents and (or) payment has been received / realized.

B. ONGOING OFFER DETAILS:

<table>
<thead>
<tr>
<th>Ongoing Offer Period</th>
<th>The Units of the scheme will not be available for Subscriptions, Switch-in, Redemption and Switch out after the closure of NFO period. To provide liquidity to the investors, the units of the Scheme will be listed on BSE Ltd or on any of the recognized Stock Exchanges in India.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing Price for subscription (purchase) / switch-in (from other schemes/plans of the mutual fund) by investors.</td>
<td>The Units of the Scheme will not be available for subscriptions / switch-in (Inter Scheme or Inter Plan) after the closure of NFO Period.</td>
</tr>
<tr>
<td>Ongoing Price for redemption (sale)/ switch-outs (to other schemes/plans of the mutual fund) by investors.</td>
<td>No redemption/ repurchase / switch out (Inter Scheme / Inter Plan) of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so by selling their units through stock exchanges. The scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be dispatched within 10 business days, subject to availability of all relevant documents and details.</td>
</tr>
<tr>
<td>Cut off timing for subscriptions/ redemptions/switches</td>
<td>For Purchases including switch-ins: The Units of the Scheme will not be available for subscriptions / switch-in after the closure of NFO Period.</td>
</tr>
<tr>
<td>This is the date from which the Scheme will reopen for subscription / redemptions after the closure of the NFO Period.</td>
<td>For Redemptions including switch-outs No redemption/repurchase of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so by selling their units through stock exchanges. The scheme will come to an end on maturity date. On maturity of the Scheme, the outstanding units shall be redeemed and proceeds will be paid to the unit holders as a default mode which means that the units of the Scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be dispatched to / credited in the bank account of the unitholders within 10 Business Days from the date of Maturity. However, Investors will have an option to switch out the redemption proceeds into any other eligible scheme of Nippon India Mutual Fund at the time of NFO application or at any time till the maturity (within applicable cut-off time on Maturity date) of the Scheme. The trustees reserves the right to suspend / deactivate/freeze trading, ISIN of the scheme and do all such matters with respect to closure of the scheme at the time of maturity at any time ten days prior to the maturity. The proceeds of the maturity will be payable to the person whose names are appearing in the beneficiary position details of which will be received from depositories after the suspension /deactivation /freezing of ISIN. Maturity proceeds would be payable to investors as per the bank details provided in beneficiary position details received from depositories.</td>
</tr>
</tbody>
</table>

31
In accordance with SEBI Circular No. Cir/ IMD/ DF/16/ 2011 dated  September 8, 2011 and
Where can the applications for purchase/ redemption/ switches can be submitted?
The Units of the Scheme will not be available for subscriptions / redemptions / switch-in / switch out (Inter scheme or Inter Plan) after the closure of NFO Period. The investors can sell the units of the Scheme on BSE Ltd or any recognised Stock Exchanges in India where the scheme will be listed.

Minimum amount for purchase / redemption/switch – outs
No subscription / Switch / Redemption of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so by selling their units through stock exchanges. The scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be despatched within 10 business days, subject to availability of all relevant documents and details.

Minimum balance to be maintained and consequences of non maintenance
The Units of the Scheme will not be available for subscriptions / redemptions / switch-in / switch out after the closure of NFO Period. Hence the provision of minimum balance to be maintained and consequences of non maintenance will not be applicable.

Special Products / facilities available
Since this is a close ended scheme, special features such as Systematic Investment Plan; Systematic Transfer Plan & Systematic Withdrawal Plan shall not be available.

Accounts Statements
In accordance with SEBI Circular No. Cir/ IMD/ DF/16/ 2011 dated September 8, 2011 and SEBI Circular no. CIR/MRD/DP/31/2014 dated November 12, 2014 the investor whose transaction has been accepted by the NAM India/NIMF shall receive a confirmation by way of email and/or SMS within 5 Business Days from the date of receipt of transaction request, same will be sent to the Unit holders registered e-mail address and/or mobile number.

Thereafter, a Consolidated Account Statement (“CAS”) shall be issued in line with the following procedure:
1. Consolidation of account statement shall be done on the basis of PAN. In case of multiple holding, it shall be PAN of the first holder and pattern of holding.
2. The CAS shall be generated on a monthly basis and shall be issued on or before 10th of the immediately succeeding month to the unit holder(s) in whose folio(s) transaction(s) has/have taken place during the month.
3. In case there is no transaction in any of the mutual fund folios then CAS detailing holding of investments across all schemes of all Mutual Funds will be issued on half yearly basis [at the end of every six months (i.e. September/ March)]
4. Investors having MF investments and holding securities in Demat account shall receive a Consolidated Account Statement containing details of transactions across all Mutual Fund schemes and securities from the Depository by email / physical mode.
5. Investors having MF investments and not having Demat account shall receive a Consolidated Account Statement from the MF Industry containing details of transactions across all Mutual Fund schemes by email / physical mode.

The word ‘transaction’ shall include purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, and systematic transfer plan. CAS shall not be received by the Unit holders for the folio(s) wherein the PAN details are not updated. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN. For Micro SIP and Sikkim based investors whose PAN details are not mandatorily required to be updated Account Statement will be dispatched by NAM India/NIMF for each calendar month on or before 10th of the immediately succeeding month.

The Consolidated account statement will be in accordance to SEBI circularamo. SEBI/HO/IMD/ DF2/CIR/P/2016/89 dated September 20, 2016 and SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2018/137 dated October 22, 2018
In case of a specific request received from the Unit holders, NAM India / NIMF will provide the account statement to the investors within 5 Business Days from the receipt of such request. Investors are requested/encouraged to register/update their email id and mobile number of the primary holder with the AMC/RTA through our Designated Investor Service Centres (DISCs) in order to facilitate effective communication.

Dividend
The Dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.
In case of delay of repayment in dividend beyond 30 days, theAsset Management Company shall be liable to pay interest to the unit holders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).
All the dividend payments shall be in accordance and compliance with SEBI circular no. SEBI/ IMD/CIR No.1/64057/06 dated April 4, 2006 or any amendment thereto from time to time

Redemption / Repurchase Proceeds
No redemption/repurchase of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so by selling their units through stock exchanges. The scheme will come to an end on maturity date. On maturity of the Scheme, the outstanding units shall be redeemed and proceeds will be paid to the unit holders as a default mode which means that the units of the Scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be dispatched to / credited in the bank account of the unitholders within 10 Business Days from the date of Maturity.
### C. PERIODIC DISCLOSURES

<table>
<thead>
<tr>
<th><strong>Delay in payment of redemption / repurchase proceeds</strong></th>
<th>No redemption/repurchase of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so by selling their units through stock exchanges. The scheme shall be fully redeemed on the date of maturity and redemption proceeds shall be despatched within 10 business days, subject to availability of all relevant documents and details. In case of delay in maturity proceeds beyond 10 working days the AMC shall pay interest to the unit holder @ 15% per annum or at such rate as may be specified by SEBI for the period of such delay.</th>
</tr>
</thead>
</table>

| **Net Asset Value** | The AMC will calculate and disclose the first NAVs of the scheme not later than 5 business days of allotment. NAVs will be calculated up to four decimal places. The Mutual Fund shall declare the Net asset value of the scheme on every business day on AMFI's website www.amfiindia.com by 11.00 p.m. on the day of declaration of the NAV and also on www.nipponindiamf.com. Further, AMC will extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard. In case of any delay, the reasons for such delay would be explained to AMFI and SEBI within 2 working days. If the NAVs are not available before commencement of business hours on the following day due to any reason. Mutual Fund shall issue a press release as prescribed by the SEBI from time to time. Since the Scheme is proposed to be listed on BSE Ltd and/or any other recognized Stock Exchange, the listed price would be applicable on the respective Stock Exchange. |
| **Half yearly Disclosures: Portfolio / Financial Results** | This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures. **(i) Half Yearly disclosure of Un-Audited Financials for the Schemes of NIMF:** Before expiry of one month from the close of each half year i.e. on March 31 or September 30, the Fund shall host a soft copy of half – yearly unaudited financial results on the website of the NIMF i.e. www.nipponindiamf.com and that of AMFI www.amfindia.com. A notice advertisement communicating the investors that the financial results shall be hosted on the website shall be published in one national English daily newspaper and in a newspaper in the language of the region where the Head Office of the fund is situated. **(ii) Half Yearly disclosure of Scheme’s Portfolio:** The fund shall disclose the scheme’s portfolio in the prescribed format as on the last day of the Half year for all the Schemes of NIMF on or before the tenth day of the succeeding month or within such timelines and manner as prescribed by SEBI from time to time on the NIMF Website i.e. www.nipponindiamf.com and AMFI site www.amfindia.com In case of unitholders whose e-mail addresses are registered, the Mutual Funds/ AMCs shall send via email both the monthly statement of scheme portfolio within 10 days from the close of each month respectively. AMC will provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder. |
| **Monthly Disclosure of Schemes’ Portfolio Statement** | The fund shall disclose the scheme’s portfolio in the prescribed format as on the last day of the month for all the Schemes of NIMF on or before the tenth day of the succeeding month or within such timelines and manner as prescribed by SEBI from time to time on the NIMF Website i.e. www.nipponindiamf.com and AMFI site www.amfindia.com In case of unitholders whose e-mail addresses are registered, the Mutual Funds/ AMCs shall send via email both the monthly statement of scheme portfolio within 10 days from the close of each month respectively. AMC will provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder. |

However, Investors will have an option to switch out the redemption proceeds into any other eligible scheme of Nippon India Mutual Fund at the time of NFO application or at any time till the maturity (within applicable cut-off time on Maturity date) of the Scheme. However, Switch out facility will not be available for units held in dematerialized mode. The switch transaction would be processed on the date of maturity based on the applicable NAVs of the transferor and transferee schemes subject to applicable cut off timing provisions.

The trustees reserves the right to suspend / deactivate/freeze trading. ISIN of the scheme and do all such matters with respect to closure of the scheme at the time of maturity at any time ten days prior to the maturity. The proceeds of the maturity will be payable to the person whose names are appearing in the beneficiary position details of which will be received from depositories after the suspension /deactivation /freezing of ISIN.

Maturity proceeds would be payable to investors as per the bank details provided in beneficiary position details received from depositories. However, once the units are dematerialised and the investor sells to another investor through exchange or transfers the units to another investor through DP then the maturity instruction provided by the existing investor will not be valid for the new investor. For the new investor the maturity proceeds shall be dispatched to the designated bank account of the unit holder within 10 business days from the date of redemption or repurchase, subject to availability of all relevant documents and details.

In case of Non PAN exempt folios where PAN is not available in the folio, investors are requested to update PAN by submitting suitable request along with PAN card copy at any of the Designated Investor Service Centre (“DISC”) of NIMF post which proceedings shall be paid to unit holders at the time of maturity.
### Annual Report

The schemewise Annual Report of a mutual fund or an abridged summary thereof shall be provided to all unitholders as soon as may be but not later than four months from the date of closure of the relevant accounts year in the manner specified by the SEBI. AMC will provide a physical copy of the abridged summary of the annual report, without charging any cost, on specific request received from a unitholder.

### Associate Transactions

Please refer to Statement of Additional Information (SAI).

### Taxation

The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.

#### Taxation of income earned on mutual fund units under the Income Tax Act 1961 as amended by The Finance (No. 2) Act, 2019.

**Other than Equity Oriented Funds**

<table>
<thead>
<tr>
<th>Nature of Income</th>
<th>Individual &amp; HUF</th>
<th>Domestic Company</th>
<th>NRI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend</td>
<td>25% basic tax + surcharge + Health &amp; Education cess (as applicable*)</td>
<td>30% basic tax + surcharge + Health &amp; Education cess (as applicable*)</td>
<td>25% basic tax + surcharge + Health &amp; Education cess (as applicable*)</td>
</tr>
<tr>
<td>Dividend Distribution</td>
<td>Tax on Grossed up value of Dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Money market and Liquid schemes</td>
<td>25% basic tax + surcharge + Health &amp; Education cess (as applicable*)</td>
<td>30% basic tax + surcharge + Health &amp; Education cess (as applicable*)</td>
<td>25% basic tax + surcharge + Health &amp; Education cess (as applicable*)</td>
</tr>
<tr>
<td>In Other schemes</td>
<td>25% basic tax + surcharge + Health &amp; Education cess (as applicable*)</td>
<td>30% basic tax + surcharge + Health &amp; Education cess (as applicable*)</td>
<td>25% basic tax + surcharge + Health &amp; Education cess (as applicable*)</td>
</tr>
</tbody>
</table>

#### Capital Gain For FY 2019-20

<table>
<thead>
<tr>
<th>Nature of Income</th>
<th>Individual &amp; HUF</th>
<th>Domestic Company</th>
<th>NRI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Capital Gain</td>
<td>20% with indexation + Surcharge + Health &amp; Education cess (as applicable*)</td>
<td>20% with indexation + Surcharge + Health &amp; Education cess (as applicable*)</td>
<td>In case of Listed Mutual Fund Units</td>
</tr>
<tr>
<td>Short Term Capital Gain</td>
<td>Will be taxed at the normal rates depending upon the slab of each individual + Surcharge + Health &amp; Education cess (as applicable*)</td>
<td>Will be taxed as per applicable rate + Surcharge + Health &amp; Education cess (as applicable*)</td>
<td>Will be taxed at the normal rates depending upon the slab of each individual + Surcharge + Health &amp; Education cess (as applicable*)</td>
</tr>
</tbody>
</table>

#### Securities Transaction Tax

<table>
<thead>
<tr>
<th>Nature of Income</th>
<th>Individual &amp; HUF</th>
<th>Domestic Company</th>
<th>NRI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities Transaction Tax (STT)</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

#### Notes

1. **equity oriented funds** has been defined under sections 10(38) of the Indian Income Tax Act 1961 as under:
   
   “equity oriented fund” means a fund —
   
   (i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five per cent of the total proceeds of such fund; and
   
   (ii) which has been set up under a scheme of a Mutual Fund specified under clause (23D) :

   Provided that the percentage of equity shareholding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures;”

2. **Other than equity oriented fund** shall be construed accordingly.

The above table is applicable to the units of other than equity oriented fund.

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Note: The expression “money market mutual fund” has been defined under Explanation (d) to Section 115T of the Act, which means a scheme of a mutual fund which has been set up with the objective of investing exclusively in money market instruments as defined in sub-clause (p) of clause (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

The expression “liquid fund” has been defined under Explanation (e) to Section 115T which means a scheme or plan of a mutual fund which is classified by the Securities and Exchange Board of India as a liquid fund in accordance with the guidelines issued by it in this behalf under the Securities and Exchange Board of India Act, 1992 or regulations made there under.
3. The Finance Act, 2012 provides for tax on long-term capital gains in case of non-residents @ 10% on transfer of capital assets, being unlisted securities, computed without giving effect to first & second proviso to section 48 i.e. without taking benefit of foreign currency fluctuation and indexation benefit. Listed Securities mean securities defined in clause (h) of section 2 of the Securities Contracts (Regulation)Act, 1956 (32 of 1956) and which are listed on any recognised stock exchange in India.

Further, Finance (No.2) Act 2014 amends the definition of short term capital assets for a unit of Mutual fund (other than equity oriented fund). Accordingly short term capital gain will be taxable if assets are held for less than 36 months and Long term Capital Gain would mean gain other than Short Term Capital Gain. The amendment is effective from July 11, 2014.

4. **Surcharge applicable for FY 2019-20:**

<table>
<thead>
<tr>
<th>Assessee</th>
<th>If income below Rs. 0.50 crore</th>
<th>If income exceeds Rs. 0.50 crore but less than Rs. 1 crore</th>
<th>If income exceeds Rs. 1 crore but less than Rs. 2 crore</th>
<th>If income exceeds Rs. 2 crore but less than Rs. 5 crore</th>
<th>If income exceeds Rs. 5 crore but less than Rs. 10 crore</th>
<th>If income exceeds Rs. 10 crores</th>
</tr>
</thead>
<tbody>
<tr>
<td>#Individual (including proprietorships), Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individual (BOI)</td>
<td>NIL</td>
<td>10%</td>
<td>15%</td>
<td>25%</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>Co-operative Society, Local Authority and Partnership Firms (including LLPs)</td>
<td>NIL</td>
<td>NIL</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Indian Corporate</td>
<td>Nil</td>
<td>NIL</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>12%</td>
</tr>
<tr>
<td>Foreign Companies</td>
<td>Nil</td>
<td>NIL</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>5%</td>
</tr>
</tbody>
</table>

5. #Finance (No.2) Act, 2019 increased in the surcharge rate applicable on Individual (including proprietorships), Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individual (BOI).

6. Finance Act, 2018 had discontinued “Education Cess on income-tax” and “Secondary and Higher Education Cess on income-tax”. However, a new Cess introduced “Health and Education Cess” applicable at the rate of 4% of income tax including surcharge wherever applicable w.e.f April 1, 2018.

7. Non Listed securities mean securities other than Listed Securities.

8. Nippon India Mutual Fund is registered with SEBI and as such is eligible for benefits under Section 10 (23D) of the Income Tax Act 1961. Accordingly its entire income is exempt from tax.

9. As per provisions of Section 206AA of the Act, if there is default on the part of a non-resident investor (entitled to receive redemption proceeds from the Mutual Fund on which tax is deductible under Chapter XVII of the Act) to provide its Permanent Account Number (‘PAN’), the tax shall be deducted at higher of the following rates: i) rates specified in relevant provisions of the Act; or ii) rate or rates in force; or iii) rate of 20%.

For further details on Taxation please refer to the Clause on Taxation in the SAI.

**Investor services**

Mr. Bhalchandra Joshi is the Investor Relations Officer for the Fund. All related queries should be addressed to him at the following address:

**Mr. Bhalchandra Joshi, Chief – Service Delivery and Operations Excellence**

Nippon Life India Asset Management Limited
Reliance Centre, Off Western Express Highway, Santacruz (East), Mumbai - 400 055.
Tel No. - 022- 43031000; Fax No. - 022- 43037662
Email: bhalchandra.y.joshi@nipponindiaamc.com
D. COMPUTATION OF NAV

The Net Asset Value (NAV) of the Units will be determined daily or as prescribed by the Regulations. The NAV shall be calculated in accordance with the following formula, or such other formula as may be prescribed by SEBI from time to time.

\[
\text{NAV} = \frac{\text{Market/Fair Value of Scheme’s Investments} + \text{Receivables} + \text{Accrued Income} + \text{Other Assets} - \text{Accrued Expenses} - \text{Payables} - \text{Other Liabilities}}{\text{Number of Units Outstanding}}
\]

NAV will be computed up to four decimal places.

Example: If the applicable NAV is Rs. 10.00, sales/entry load if any is 2 per cent and the exit/repurchase load is 2 percent then the sales price will be Rs. 10.20 and the repurchase price will be Rs. 9.80.
SECTION IV - FEES AND EXPENSES

This section outlines the expenses that will be charged to the schemes.

A. NEW FUND OFFER (NFO) EXPENSES

The NFO expenses of the Scheme shall be borne by the AMC from retained earnings.

B. ANNUAL SCHEME RECURRING EXPENSES

Expense Ratio: These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC and other expenses as given in the table below:

As specified under the section “How will the scheme allocate its assets?” of this document, the investments in equity and equity related instruments is less than sixty-five per cent of the net assets of the scheme, hence the scheme will be considered as other than equity oriented scheme, further since this scheme is an close ended scheme, Total Expense Ratio of the scheme shall be as per regulation 52 (6) (d) (ii) of the SEBI (MF) Regulations for the purpose of limits of total expenses ratio.

The AMC has estimated that following % of the daily net assets of the scheme will be charged to the scheme as expenses. The AMC would update the current expense ratios on the website of the mutual fund at least three working days prior to the effective date of the change.

Further Actual Expense ratio will be disclosed at the following link – https://www.nipponindiamf.com/Pages/Total-Expense-Ratio-of-Mutual-Fund-Schemes.aspx

Estimated Expense Structure

<table>
<thead>
<tr>
<th>Particulars</th>
<th>For Growth Plan/ Dividend Plan</th>
<th>% of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Management and Advisory Fees</td>
<td></td>
<td>Upto 1.00%</td>
</tr>
<tr>
<td>Trustee fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Custodian fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RTA Fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Selling expense incl. agent commission</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost related to investor communications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of fund transfer from location to location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of providing account statements and dividend redemption cheques and warrants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs of statutory Advertisements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost towards investor education &amp; awareness (at least 2 bps)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brokerage &amp; transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods &amp; Service Tax on expenses other than investment and advisory fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods &amp; Service Tax on brokerage and transaction cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Expenses $#</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum total expense ratio (TER) permissible under Regulation 52 (6) (d) (ii)</td>
<td>Upto 1.00%</td>
<td></td>
</tr>
<tr>
<td>Additional expenses for gross new inflows from specified cities and retail investors</td>
<td>Upto 0.30%</td>
<td></td>
</tr>
</tbody>
</table>

(# Expenses charged under the said parameters shall be in line with the Regulation 52 of SEBI (MF) Regulations or such other basis as specified by SEBI from time to time.)

$Listing expenses are part of other expenses.

Illustration – Impact of Expense Ratio on the Returns

| Value of Rs 1 lac on 12% annual returns in 1 year, considering 1% Expense Ratio |
|---------------------------------|---------------------------------|
| Amount Invested                 | 100,000.00                      |
| NAV at the time of Investment   | 10.00                           |
| No of Units                     | 10,000.00                       |
| Gross NAV at end of 1 year (assuming 12% annual return) | 11.20 |
| Expenses (assuming 1% Expense Ratio on average of opening and closing NAV) | 0.11 |
| Actual NAV at end of 1 year post expenses (assuming Expense Ratio as above) | 11.09 |
| Value of Investment at end of 1 year (Before Expenses) | 112,000.00 |
| Value of Investment at end of 1 year (After Expenses) | 110,940.00 |

Note: Please note that the above is an approximate illustration of the impact of expense ratio on the returns, where the Gross NAV has been simply reduced to the extent of the expenses. In reality, the actual impact would vary depending on the path of returns over the period of consideration. Expenses will be charged on daily net assets.

These estimates have been made in good faith as per the information available to the Investment Manager based on past experience but the total expenses shall not exceed the limits permitted by SEBI. Types of expenses charged shall be as per the SEBI (MF) Regulations.
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.

Mutual funds/AMCs may charge Goods & Service Tax on investment and advisory fees to the scheme in addition to the maximum limit as prescribed in regulation 52 of the SEBI Regulations. Goods & Service Tax on other than investment and advisory fees, if any, shall be borne by the scheme within the maximum limit as per regulation 52 of the SEBI Regulations.

Mutual Funds/AMCs will annually set apart at least 2 basis points on daily net assets within the maximum limit as per regulation 52 of the SEBI Regulations for investor education and awareness initiatives.

"At least 10% of the TER is charged towards commission/distribution expense under Regular Plan. The TER of the “Direct Plan” will be lowered to the extent of at least 10% (as mentioned above) of above mentioned distribution/commission expense which is charged in Regular Plan."

Direct Plan will have a lower expense ratio excluding distribution expenses, commission, and no commission shall be paid from such plan. Further, the NAV of Direct Plan shall be different from the NAV of Regular Plan given the two plans carry different Total Expense Ratio (TER).

However, no Investment Management fees would be charged on NAM India’s investment in the Scheme. The Trustee Company shall be entitled to receive a sum computed @ 0.05% of the Unit Capital of all the Schemes of NIMF on 1st April each year or a sum of Rs.5,00,000/- whichever is lower or such other sum as may be agreed from time to time in accordance with the SEBI Regulations or any other authority, from time to time.

The total expenses of the scheme including the investment management and advisory fee shall not exceed 1.00 per cent of the daily net assets of the scheme as stated in Regulation 52(6)(d)(ii).

AMC is free to allocate the above list of expenses within the overall maximum limit prescribed under SEBI (Mutual Funds) Regulations, 1996, which means there will be no internal sub-limits on charging of any particular expense in the scheme.

In terms of Regulation 52(1) of SEBI (Mutual Funds) Regulations, 1996, all scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, will necessarily be paid from the scheme only within the regulatory limits and not from the books of AMC, its associate, sponsor, trustee or any other entity through any route. Provided that the expenses that are very small in value but high in volume may be paid out of AMC’s books. Such expenses shall be paid out of AMC books at actuals or not exceeding 2 bps of respective scheme AUM, whichever is lower. List of such miscellaneous expenses shall be provided by AMFI in consultation with SEBI or as specified/amended by AMFI/SEBI from time to time.

In addition to the limits specified in regulation 52(6), the following costs or expenses may be charged to the scheme as per new sub regulation 6A, namely:

a) Brokerage and Transaction costs incurred for the execution of trades may be capitalized to the extent of 0.12 per cent of the value of trades in case of cash market transactions and 0.05 per cent of the value of trades in case of derivatives transactions. Any payment towards brokerage and transaction costs incurred for the execution of trades, over and above the said 0.12 per cent and 0.05 per cent for cash market transactions and derivatives transactions respectively may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under Regulation 52 of the SEBI (Mutual Funds) Regulations, 1996. Any expenditure in excess of the said prescribed limit (including brokerage and transaction costs, if any) shall be borne by the AMC or by the Trustee or Sponsors;

b) Expenses not exceeding of 0.30 per cent of daily net assets, if the new inflows from such cities and retail investors as specified by the Board from time to time are at least –

i. 30 per cent of gross new inflows in the scheme, or;

ii. 15 per cent of the average assets under management (year to date) of the scheme, whichever is higher:

Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub- clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis:

Provided further that expenses charged under this clause shall be utilized for distribution expenses incurred for bringing inflows from such cities.

Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment;

Provided further that, additional TER of 0.30 per cent can be charged based on inflows from retail investors only. For the purpose of additional TER, inflows of amount upto Rs 2,00,000/- per transaction, by individual investors shall be considered as inflows from “retail investors” as stipulated by SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2018/137 dated October 22, 2018 read with SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2019/42 dated March 25, 2019, as amended from time to time

The Fund will strive to reduce the level of these expenses so as to keep them well within the maximum limits allowed by SEBI.

Expenses on an ongoing basis will not exceed maximum limits as may be specified by SEBI Regulations from time to time.

C. LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. For the current applicable structure, please refer to the website of the AMC www.nipponindiamf.com or may call Customer Service Centre at 1860-268-0111 (charges applicable), and Investors outside India can call at 91-22-68334800 (charges applicable) or your distributor.

Applicable Load Structure:

Entry Load – Nil

In accordance with the requirements specified by the SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009 no entry load will be charged for purchase / additional purchase / switch-in accepted by NIMF with effect from August 01, 2009.

The upfront commission on investment made by the investor, if any, will be paid to the ARN Holder (AMFI registered Distributor) directly by the investor, based on the investor’s assessment of various factors including service rendered by the ARN Holder.
Exit Load - Nil
Since the scheme shall be listed on BSE Ltd or any other recognised Stock Exchange, Exit load shall not be applicable.

D. WAIVER OF LOAD FOR DIRECT APPLICATIONS
Pursuant to SEBI circular No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load shall be charged for all the mutual fund schemes. Therefore the procedure for the waiver of load for direct application is no longer applicable.

E. TRANSACTION CHARGES:
In accordance with SEBI Circular No. IMD/DF/13/2011 dated August 22, 2011, with effect from November 1, 2011, NAM India/NIMF shall deduct a Transaction Charge on per purchase / subscription of Rs. 10,000/- and above, as may be received from new investors (an investor who invests for the first time in any mutual fund schemes) and existing investors. The distributors shall have an option to either “Opt-in / Opt-out” from levying transaction charge based on the type of product. Therefore, the “Opt-in / Opt-out” status shall be at distributor level, basis the product selected by the distributor at the Mutual Fund industry level.

Such charges shall be deducted if the investments are being made through the distributor/agent and that distributor / agent has opted to receive the transaction charges as mentioned below:

- For the new investor a transaction charge of Rs 150/- shall be levied for purchase / subscription of Rs 10,000 and above; and
- For the existing investor a transaction charge of Rs 100/- shall be levied for per purchase / subscription of Rs 10,000 and above.

The transaction charge shall be deducted from the subscription amount and paid to the distributor/agent, as the case may be and the balance shall be invested. The statement of account shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.

Transaction charges shall not be deducted if:
(a) The amount per purchases /subscriptions is less than Rs. 10,000/–;
(b) The transaction pertains to other than purchases/ subscriptions relating to new inflows such as Switch/STP/ DTP, etc.
(c) Purchases/Subscriptions made directly with the Fund through any mode (i.e. not through any distributor/agent).
(d) Subscription made through Exchange Platform irrespective of investment amount.
All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income/revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.

NIL

Details of all monetary penalties imposed and/or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company; for any irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.

During last three years, there have been no monetary penalties imposed and/or action by any financial regulatory body or governmental authority, against Sponsor(s), AMC, Board of Trustees, Trustee Company; for any irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. However, in respect of the consent terms filed by Nippon Life India Asset Management Limited – Portfolio Management Services (NAM India-PMS) with SEBI with respect to an inspection report, SEBI has issued a settlement order (Order no. CA/EFDI/87/JAN/2016 dated January 14, 2016), in terms of which the underlying proceedings have been disposed off.

Details of all enforcement actions taken by SEBI in the last three years and/or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/or suspension and/or cancellation and/or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company and/or any of the directors and/or key personnel (especially the fund managers) of the AMC and Trustee Company were/are a party. The details of the violation shall also be disclosed.

There was no enforcement action taken by SEBI in the last three years and/or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/or suspension and/or cancellation and/or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company and/or any of the directors and/or key personnel (especially the fund managers) of the AMC and Trustee Company were/are a party. The details of the violation shall also be disclosed.

Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company and/or any of the directors and/or key personnel are a party should also be disclosed separately.

In terms of the SEBI [Mutual Fund] Regulations, 1996 (as amended from time to time), the mutual fund schemes are permitted to invest in securitized debt. Accordingly, investments in certain Pass Through Certificates (“PTC’s”) of a securitization trust (“the Trust”) were made through some of schemes of Nippon India Mutual Fund (“the Fund”). The returns filed by few of these securitisation Trusts whose PTCs were held by the Fund were taken up for scrutiny by the Income Tax Authorities which raised demand initially on the Trusts. However, on failure to recover, the Income Tax Authorities sent the demand notices to the Fund for Assessment Years 2009-10 and 2010-11. The Fund in consultation with its tax & legal advisors has contested the applicability of such demand and proceedings there on are still pending. It may be noted that this is a matter, which is not restricted only to the Fund but is an Industry issue. Accordingly, through the Association of Mutual Funds in India (AMFI), the matter has also been appropriately escalated to the Ministry of Finance, in order to seek necessary clarifications, reliefs and if required, to carry out necessary amendments to the relevant provisions of the Income Tax Act, 1961. In addition to the above the AMC is party to certain litigations in various courts, commissions etc. which are in ordinary course of business & have no material impact.

Any deficiency in the systems and operations of the Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.

Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

For and behalf of the Board of Directors of
Nippon Life India Asset Management Limited
(formerly known as Reliance Nippon Life Asset Management Limited)
[Asset Management Company for Nippon India Mutual Fund]

Sd/-
Mumbai
January 23, 2020

Executive Director & Chief Executive Officer

Sundeep Sikka
Bihar: Reliance Life Asset Management Ltd, 118-119, R K Complex, Near Hotel Shetha Plaza, Station Road, Bhusan-392001.
Bhutan: Jindal Complex, 2nd Floor, G T Road, Thimphu-151001.

Far North:

Nadiad: Reliance Nippon Life Asset Management Ltd, D 118-119, R K Complex, Near Hotel Shetha Plaza, Station Road, Bharuch-392001.

North:

Bhabur: Reliance Life Asset Management Ltd, 101, 8th Floor, President Complex, Sector 11, Gandhinagar-382001.
Ghaziabad: Reliance India Mutual Fund, 3-3, J-2, Phase 1, Sector 18, Mohan Cooperative Industrial Area, Ghaziabad-201001.

Central:

Gaya: Church, Dadar (West) - 400028.
Noida: Reliance Nippon Life Asset Management Ltd, Office No. 102, First Floor, Central Park, Plot No. 29, Sector 15, Noida - 201303.

North East:

Nadiad: Reliance Nippon Life Asset Management Ltd, D 118-119, R K Complex, Near Hotel Shetha Plaza, Station Road, Bharuch-392001.

North India:

Bhabur: Reliance Life Asset Management Ltd, 101, 8th Floor, President Complex, Sector 11, Gandhinagar-382001.
Ghaziabad: Reliance India Mutual Fund, 3-3, J-2, Phase 1, Sector 18, Mohan Cooperative Industrial Area, Ghaziabad-201001.