Continuous offer of the Units of the face value of Rs. 10 each for cash at NAV based prices (subject to applicable load)

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.

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.

“As required, a copy of this Scheme Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/159476-B dated February 28, 2010 permission to the Mutual Fund to use the Exchange’s name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund’s units are proposed to be listed subject to, the Mutual Fund fulfilling the various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission given by NSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund’s units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its management or any scheme of the Mutual Fund.

This Scheme Information Document is dated October 31, 2019.
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1. **Investment Objective**
   The investment objective of the scheme is to seek to generate regular returns and growth of capital by investing in a diversified portfolio of:
   
   i. Central and State Government securities and
   
   ii. Other fixed income/debt securities.

2. **Liquidity**
   The Scheme will offer for Subscription/ Switch-in and Redemption / Switch-out of Units without any load on Specified Transaction Period, once a quarter as the case may be on an ongoing basis. The units can be purchased from the AMC only during the specified transaction period of the scheme. The applications for Sale/Switch in and Redemption/ Switch out requests will be accepted during normal business hours on the first day of the Specified Transaction Period and upto 3.00 p.m. on the second day of the Specified Transaction Period. No redemption/ repurchase of units shall be allowed with the Fund except during the Specified Transaction Period. Moreover, no redemption/switch out will be allowed during the second day of the STP for purchase switch-ins made during the first day of the STP.

   If units are held in dematerialized form, investors can buy/sell units on a continuous basis on the stock exchanges(s) on which the units are listed and can be purchased/ sold during the trading hours like any other publicly traded stock, except during the temporary suspension period, if any. Moreover, no redemption/switch out will be allowed during the second day of the STP for purchase/switch ins made during the first day of the STP.

   As per SEBI Regulations, the Mutual Fund shall despatch Redemption proceeds within 10 Working Days of receiving a valid Redemption request. In case the Redemption proceeds are not made within 10 Working Days of the date of receipt of a valid Redemption request, interest will be paid @ 15% per annum from the 11th day onwards or such other rate as may be prescribed by SEBI from time to time. The AMC shall have the flexibility to change/alter the “Specified Transaction Period” depending upon the prevailing market conditions and in the interest of the unit holders. The Mutual Fund will endeavour to Credit/dispatch the Redemption proceeds within 3 – 4 Working Days from the receipt of a valid Redemption request as applicable.

3. **Benchmark**
   CRISIL Liquid Fund Index

4. **Transparency/ NAV Disclosure**
   
   i. 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.

   ii. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs

   iii. The information on NAV may also be obtained by the Unitholders, on any day from the office of the AMC / the office of the Registrar in Hyderabad or any of the other Designated Investor Service Centres. Investors may also obtain information on the purchase/sale price for a given day on any the office of the AMC / the office of the Registrar in Hyderabad/ any of the other Designated Investor Service Centres. Investors may also note that Nippon India Mutual Fund shall service its customers through the call center from Monday to Saturday between 8.00 am to 9.00 pm. However, 24x7 facility shall be available for addressing the queries through interactive voice response (IVR) and for hot listing the Nippon India Any Time Money Card. Investor may also call Customer Service Centre at 1860-266-0111 (charges applicable), and Investors outside India can call at 91-22-68334800 (charges applicable).

   iv. The AMC will disclose the Half-yearly Unaudited Financial Results in the prescribed format on the NIMF website i.e. www.nipponindiamf.com and communicate to the Unit holders within such timelines as may be prescribed under the Regulations from time to time.

   v. The AMC 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 website www.amfiindia.com

      The AMC shall communicate disclosure of Portfolio on a half-yearly basis to the Unit holders as may be prescribed under the Regulations from time to time.

   vi. Providing of the Annual Reports of the respective Schemes within the stipulated period as required under the Regulations.

   viii. 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.

5. **Specified Transaction Period**
   The Specified Date(s)/ Period on/during which subscription/ Redemption / Switch-out/ Switch-in may be made in the scheme provided such a day is a ‘Working Day’. In case such a day is a non-working day, then the immediate next working day shall be considered as the “Specified Transaction Period”.

   The Specified Transaction Period will be two working days of every Quarter. The Specified Transaction Period shall be as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Frequency</th>
<th>Specified Transaction Period</th>
</tr>
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<tbody>
<tr>
<td>Nippon India Interval Fund - Quarterly Interval Fund – Series II</td>
<td>Once every Quarter</td>
<td>7th &amp; 8th day of every third month from the date of allotment. Hence the transaction periods shall be 7th &amp; 8th August, 7th &amp; 8th November, 7th &amp; 8th February etc.</td>
</tr>
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</table>
In case one or both of the specified transaction days is a non-business day(s), then the immediate next business day(s) shall be considered for the “Specified Transaction Period”

However, the AMC reserves the right to change/alter the “Specified Transaction Period”, depending upon the prevailing market conditions and to protect the interest of the investors.

6. Loads
   i. Entry Load - Not Applicable
   ii. Exit Load
      a. During the specified transaction period : Nil
      b. Other than specified transaction period : Not Applicable.

W.E.F. October 01, 2012, Exit Load If charged to the scheme shall be credited to the scheme immediately net of Goods & Service Tax, if any.

The Units under the respective scheme(s) cannot be directly redeemed with the Fund as the units will be listed on the Stock Exchange(s). These units can be sold on a continuous basis on the Stock Exchange(s) where the units are listed during the trading hours on all trading days

The AMC reserves the right to change/alter the “Specified Transaction Period” and/or “Load Structure” depending upon the prevailing market conditions and in the interest of the unit holders.

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 the Fund with effect from August 01, 2009.

The upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder directly by the investor, based on the investor’s assessment of various factors including service rendered by the ARN Holder.

Pursuant to SEBI circular No.SEBI/IMD/CIR No. 14/20784/08 dated March 18, 2008, with effect from April 1, 2008, no entry load or exit load shall be charged in respect of bonus units and of units allotted on reinvestment of dividend.

   iii. Inter scheme Switch - At the applicable load in the respective Schemes. (during Specified Transaction Period)
   iv. Inter Plan/Inter Option Switch
      a) Switch of Investments made with ARN code, from Other than Direct Plan to Direct Plan of a Scheme shall be subject to applicable exit load, if any.
      b) No Exit Load shall be levied for Switch of Investments made without ARN code, from Other than Direct Plan to Direct Plan of the Scheme or vice versa.

For any change in load structure RNAM will issue an addendum and display it on the website/Investor Service Centres.

7. TRANSACTION CHARGES:

In accordance with SEBI Circular No. IMD/ DF/13/ 2011 dated August 22, 2011, with effect from November 1, 2011, RNAM/ 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 per 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.

8. Plans & Options
   i. An Interval Scheme with income oriented portfolio consisting of Government Securities and other fixed income /debt securities.
      Growth Option
      Dividend Option
      • Payout Option and
      • Reinvestment Option
      Direct Plan - Growth Option
      Direct Plan - Dividend Option
• Payout Option and
• Reinvestment Option

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).

Note : Kindly refer addendum no. 63 dated 28/09/2012 for details about discontinued plan.

For default Plans/Option, please refer the para titled “Plans / Options offered” covered under Section III- “UNITS AND OFFER”.

ii. Each of the abovementioned Series will have a separate portfolio.

iii. The AMC, in consultation with the Trustees reserves the right to discontinue/ add more plans/ options at a later date subject to complying with the prevailing SEBI guidelines and Regulations.

Reinvestment of Dividend Payout for Dividend amount less than ₹ 100 (w.e.f June 10, 2019)

In case a unitholder has opted for dividend payout option, the minimum amount for dividend payout shall be ₹ 100 (net of dividend distribution tax or any other statutory levy), else dividend would be mandatorily reinvested. The dividend would be reinvested in the same scheme / plan by issuing additional units of the scheme at the prevailing ex-dividend Net Asset Value per unit on the record date. There shall be no exit load on the redemption of units allotted as a result of such reinvestment of dividend.

• Mandatory reinvestment of dividend would not be applicable to Unit holders holding units in Demat form, and if dividend is declared in any applicable scheme, the amount will be paid out or reinvested as per the option selected by the unit holders.

• Dividend declared will be compulsorily paid out under the “dividend payout” option of all schemes, for which fresh subscriptions are discontinued with effect from October 01, 2012 as per notice-cum-Addendum no. 63 dated September 28, 2012.

9. Minimum Application Amount

For First Purchase
Rs. 5,000 and in multiples of Re.1 thereafter.

Additional Purchase
Rs. 1,000 and in multiples of Re.1 thereafter.

RNAM may revise the minimum / maximum amounts and the methodology for new/additional subscriptions, as and when necessary. Such change may be brought about after taking into account the cost structure for a transaction/account and /or Market practices and/or the interest of existing unitholders.

Further, such changes shall only be applicable to transactions from the date of such a change, on a prospective basis.

RNAM may revise the minimum / maximum amounts and the methodology for subscriptions as and when necessary, for subsequent plans. Such change may be brought about after taking into account the cost structure for a transaction/account and /or market practices etc.

10. Physical / Dematerialization

The Unit holders are given an Option to hold the units by way of an Account Statement (Physical form) or in Dematerialized (‘Demat’) form.

Mode of holding shall be clearly specified in the KIM cum application form. Unit holders holding the units in physical form will not be able to trade or transfer their units till such units are dematerialized.

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 Plan) 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.

10. Transfer Of Units

Units held in Demat form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. Transfer can be made only in favour of transferees who are capable of holding units and having a Demat Account. The delivery instructions for transfer of units will have to be lodged with the DP in requisite form as may be required from time to time and transfer will be effected in accordance with such rules / regulations as may be in force governing transfer of securities in dematerialized mode.
I – INTRODUCTION

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 Interval Fund - Quarterly Interval Fund - Series II is only the name of the Scheme and does not in any manner indicate 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 Bonds 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.

   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.

   a. 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.

   b. Liquidity or Marketability Risk

   This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market.

   c. 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.

   d. 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.

   e. Risks associated with various types of securities

<table>
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<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>
<td>Depends on duration of instrument</td>
</tr>
<tr>
<td>Unlisted</td>
<td>Depends on credit quality</td>
<td>Relatively High</td>
<td>Depends on duration of instrument</td>
</tr>
<tr>
<td>Secured</td>
<td>Relatively low</td>
<td>Relatively Low</td>
<td>Depends on duration of instrument</td>
</tr>
<tr>
<td>Unsecured</td>
<td>Relatively high</td>
<td>Relatively High</td>
<td>Depends on duration of instrument</td>
</tr>
<tr>
<td>Rated</td>
<td>Relatively low and depends on the rating</td>
<td>Relatively Low</td>
<td>Depends on duration of instrument</td>
</tr>
<tr>
<td>Unrated</td>
<td>Relatively high</td>
<td>Relatively High</td>
<td>Depends on duration of instrument</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 investing in Derivatives

a. Valuation Risk
   The risk in valuing the debt & equity derivative products due to inadequate trading data with good volumes. Derivatives with longer duration would have higher risk vis-à-vis the shorter duration derivatives.

b. Mark to Market Risk
   The day-to-day potential for an investor to experience losses from fluctuations in underlying stock prices and derivatives prices.

c. Systematic Risk
   The risks inherent in the capital market due to macro economic factors like inflation, GDP and global events.

d. Liquidity Risk
   The risks stemming from the lack of availability of derivatives products across different maturities and with various risk appetite.

e. Implied Volatility
   The estimated volatility in an underlying security’s price and derivative price.

f. Interest Rate Risk
   The risk stemming from the movement of interest rates in adverse direction. As with all the debt securities, changes in the interest rates will affect the valuation of the portfolios.

g. Counterparty Risk (Default Risk)
   Default risk is the risk that losses will be incurred due to the default by the counterparty for over the counter derivatives.

h. System Risk
   The risk arising due to failure of operational processes followed by the exchanges and OTC participants for the derivatives trading.

iii. Risk attached with the use of derivatives

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. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

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. Furthermore 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

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

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

v. Risk associated with an Interval scheme

The investor invests in such scheme 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 scheme, the unit holder cannot exit the scheme before the Specified Transaction Period 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.

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. Risks associated with Listing of Units

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. 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.

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.

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:

a. Counterparty Risk: This refers to the inability of the seller to meet the obligation to buy back securities at the contracted price. The Investment Manager will endeavor to manage counterparty risk by dealing only with counterparties having strong credit profiles assessed through in-house credit analysis or with entities regulated by SEBI/RBI/IRDA.

b. Collateral Risk: In the event of default by the repo counterparty, the schemes have recourse to the corporate debt securities. Collateral risk arises when the market value of the securities is inadequate to meet the repo obligations. This risk is mitigated by restricting participation in repo transactions only in AA and above rated money market and corporate debt securities. In addition, appropriate haircuts are applied on the market value of the underlying securities to adjust for the illiquidity and interest rate risk on the underlying instrument.

viii. Other Scheme Specific Risk factors

a. The liquidity of the Scheme’s investments may be inherently restricted by trading volumes, settlement periods and transfer procedures. In the event of an inordinately large number of redemption requests, or of a re-structuring of the Scheme’s investment portfolio, these periods may become significant.

b. Although, the objective of the Fund is to generate optimal returns, the objective may or may not be achieved. The investors may note that if the AMC/Investment Manager is not able to make right decision regarding the timing of increasing exposure in debt securities in times of falling equity market, it may result in negative returns. Given the nature of scheme, the portfolio turnover ratio may be on the higher side commensurate with the investment decisions and Asset Allocation of the Scheme. At times, such churning of portfolio may lead to losses due to subsequent negative or unfavorable market movements.

c. Credit And Rating Downgrade Risk, Prepayment And Foreclosures Risk for Senior PTC Series, Prepayment And Foreclosures Risk for Senior PTC Series, Servicing Agent Risk, Co-mingling Risk, and Bankruptcy of the Seller.

d. The NAV of the scheme to the extent invested in Debt and Money market securities are likely to be affected by changes in the prevailing rates of interest and are likely to affect the value of the Scheme’s holdings and thus the value of the Scheme’s Units.

e. The AMC may, considering the overall level of risk of the portfolio, invest in lower rated/ unrated securities offering higher yields. This may increase the risk of the portfolio.

f. Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. The AMC may choose to invest in unlisted securities that offer attractive yields. This may increase the risk of the portfolio.

g. While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is
limited by the overall trading volume on the stock exchanges. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold.

h. Investment decisions made by the AMC may not always be profitable, even though it is intended to generate capital appreciation and maximize the returns by actively investing in equity and equity related securities.

i. The tax benefits available under the scheme are as available under the present taxation laws and are available only to certain specified categories of investors and that is subject to fulfillment of the relevant conditions. The information given is included for general purposes only and is based on advise that the AMC has received regarding the law and the practice that is currently in force in India and the investors and the Unitholders should be aware that the relevant fiscal rules and their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor/Unitholder is advised to consult his/her own professional tax advisor.

ix. Risk factor associated with Overseas Investments

To the extent that the assets of the schemes will be invested in securities denominated in foreign currencies, the Indian rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian rupee (if Indian rupee appreciates against these foreign currencies). The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment. The scheme may have to pay applicable taxes on gains from such investment.

As regards foreign securities that are traded on exchanges that are not located in India basis of valuation will depend on the time zone of the respective country. For exchanges located in countries, with time zone earlier than India, the NAV will be calculated based on the closing price of the foreign security and the prevailing exchange rate on that date. For exchanges located in countries, with time zone later than India, the NAV will be calculated based on the closing price of the foreign security and the prevailing exchange rate of the previous date.

Subject to the Regulations, the investments may be in securities which are listed or unlisted, secured or unsecured, rated or unrated, having variable maturities, and acquired through secondary market purchases, RBI auctions, open market sales conducted by RBI etc., Initial Public Offers (IPOs), other public offers, placements, rights, offers, negotiated deals, etc.

To avoid duplication of portfolios and to reduce expenses, the Scheme may invest in any other schemes of the Fund to the extent permitted by the Regulations. In such an event, RNAM will not charge management fees on the amounts of the Schemes so invested, unless permitted by the Regulations.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

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

The aforesaid provision will be applicable at the end of specified transaction period.

C. SPECIAL CONSIDERATIONS, IF ANY

1. Income Distribution

The Mutual Fund is not assuring or guaranteeing that it will be able to make regular periodical income distributions to its Unitholders, though it has every intention to manage the portfolio so as to make periodical income distributions. Income distributions will be dependent on the availability of distributable and the returns achieved by the Asset Management Company through active management of the portfolio. Periodical income distributions may therefore vary from period to period, based on investment results of the portfolio.

2. Right to Limit Redemption

The Trustee and AMC may, in the general interest of the Unit holders of the Scheme under this Scheme Information Document and keeping in view the unforeseen circumstances / unusual market conditions, limit the total number of Units which may be redeemed on any Working Day for redemption requests of more than Rs. 2 Lakhs per folio at a scheme level. in any Scheme. In line with the SEBI Circular dated May 31, 2016 the following conditions would be applicable.

a. Restriction may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:
   i. Liquidity issues - when market at large becomes illiquid and affecting almost all securities.
   ii. Market failures, exchange closures - when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies.
   iii. Operational issues – when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out).

b. Restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period.

c. When restriction on redemption is imposed, the following procedure shall be applied:
   i. No redemption requests upto INR 2 lakh shall be subject to such restriction.
ii. Where redemption requests are above INR 2 lakh, AMCs shall redeem the first INR 2 lakh without such restriction and remaining part over and above INR 2 lakh shall be subject to such restriction.

However, suspension or restriction of redemption under any scheme of the Mutual Fund shall be made applicable only after the approval from the Board of Directors of the Asset Management Company and the Trustee Company. The approval from the AMC Board and the Trustees giving details of circumstances and justification for the proposed action shall also be informed to SEBI immediately.

3. Suspension of Purchase (Subscription) of Units

The purchase of Units may be suspended with prior approval of Trustees and Asset Management Company giving the details of circumstances and justification for the proposed action shall also be informed to SEBI, temporarily or indefinitely when any of the following conditions exist at one/more Designated Investor Service Centres:

1. When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unit holders.

2. In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.

3. During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial to the interests of the Unit holders of the Scheme.

4. In case of natural calamities, strikes, riots and bandhs.

5. In the event of any force, majeure or disaster that affects the normal functioning of the AMC or the Registrar.

6. If so directed by SEBI

In order to ensure that the investment limits as per Schedule VII are complied with, the normal time taken to process purchase requests, as mentioned earlier, may not be applicable during such extraordinary circumstances.

D. DEFINITIONS AND ABBREVIATIONS

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

| Aadhaar         | : Aadhaar number issued by the Unique identification Authority of India (UIDAI) |
| Allotment of Units | : For Subscriptions received at the DISC’s within the cut-off timings and considered accepted for that day, the units will be allotted on the T day. Where the T day is the transaction day, provided the application is received within the cut-off timings for the transaction day. |
| Applicable Net Asset Value (NAV) | : Applicable NAV is the Net Asset Value per Unit at the close of the Business Day on which the application for purchase or redemption/switch is received at the designated investor service centre and is considered accepted on that day. An application is considered accepted on that day, subject to it being complete in all respects and received prior to the cut-off time on that Business Day. |
| AMFI            | : Association of Mutual Funds in India, the apex body of all the registered AMCs incorporated on August 22, 1995 as a non-profit organisation. |
| Asset Management Company (AMC/RNAM)/ Investment Manager | : Reliance Nippon Life Asset Management Limited the Asset Management Company incorporated under the Companies Act, 1956, and authorized by SEBI to act as the Investment Manager to the Schemes of Nippon India Mutual Fund. |
| Business Day / Working Day | : A Business Day / Working Day means any day other than :
1. Saturday or
2. Sunday or
3. a day on which The Bombay Stock Exchange, Mumbai or National Stock Exchange 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 Or /AMC or
6. a book closure period as may be announced by the Trustees / Asset Management Company or
7. a day on which normal business could not be transacted due to storms, floods, or bandhs, strikes or any other events as the AMC may specify from time to time.

The AMC reserves the right to declare any day as a Business Day or otherwise at any or all DISC. |
| Collecting Bank | : Branches of Banks for the time being authorized to receive application(s) for units, as mentioned in this document. |
| Continuous Offer | : Offer of the Units at NAV based prices during Specified Transaction Period |
| Custodian | : Custodian means a person who has been granted a certificate of registration to carry on the Business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996. Presently, Deutsche Bank A.G., registered vide registration number IN/CUS/003 is appointed as Custodian of securities for all the schemes of NIMF, or any other custodian as may be appointed by the Trustees |
| Depository | : Depository as defined in the Depositories Act, 1996 (22 of 1996) |
| **Designated Investor Service Centres (DISC) / Official point of acceptance for transaction** | Any location as may be defined by the Asset Management Company from time to time, where investors can tender the request for subscription, redemption or switching of units, etc. |
| **Dividend** | Income distributed by the Scheme on the Units |
| **DP** | Depository Participant means a person registered as such under sub regulation (1A) of section 12 of SEBI Act, 1992 (15 of 1992) |
| **Entry Load** | Load on subscriptions / switch in. |
| **Exit Load** | Load on redemptions / switch out. |
| **FPI** | 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 |
| **Interval Fund** | A fund that is open for sale or redemption intermittently, during specified /pre-determined intervals. |
| **Investment Management Agreement (IMA)** | The Agreement entered into between Reliance Capital Trustee Co. Limited and Reliance Nippon Life Asset Management Limited (RNAM) by which RNAM has been appointed the Investment Manager for managing the funds raised by NIMF under the various Schemes and all amendments thereof. |
| **KIM** | Key Information Memorandum as required in terms of SEBI (MF) Regulation 29(4) |
| **Load** | A charge that may be levied as a percentage of NAV at the time of entry into the scheme/plans or at the time of exiting from the scheme/plans. |
| **Local Cheque** | 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. |
| **Money Market Instruments** | Money market instruments include Tri-party Repo/ Repo and Reverse Repo (including corporate bond Repo), certificate of deposit, commercial papers, commercial bills, treasury bills, Government securities issued by Central & State Government/ corporate bonds having an unexpired maturity up to one year, call or notice money, Term Deposits, usance bills (BRDS) and any other similar instruments as specified by the RBI/SEBI from time to time. |
| **Net Asset Value (NAV)** | Net Asset Value of the Units in each plan of the Scheme is calculated in the manner provided in this Scheme Information Document or as may be prescribed by Regulations from time to time. The NAV will be computed up to four decimal places. |
| **NRI** | Non-Resident Indian. Person resident outside India who is either a citizen of India or a Person of Indian Origin. |
| **PIO** | Person of Indian Origin. A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or person referred to in sub-clause (a) or (b). |
| **Plans/Options** | The scheme has the following investment option. Growth Option Dividend Option • Payout Option and • Reinvestment Option Direct Plan - Growth Option Direct Plan - Dividend Option • Payout Option and • Reinvestment Option. Note : Kindly refer addendum no. 63 dated 28/09/2012 for details about discontinued plan. |
| **PTC** | PTC is the abbreviated form for Pass Through Certificates. A pass through certificate represents beneficial interest in an underlying pool of cashflows. These cashflows represent dues against single or multiple loans originated by the seller of these loans. This pool of dues / receivables, after due sorting / cherry picking, is packaged as PTCs and sold to end investors like bank / mutual funds etc. |
| **Purchase Price/Subscription Price** | Purchase Price to the investor of Units of any of the plans computed in the manner indicated in this Scheme Information Document. |
| **Redemption Price** | Redemption Price to the investor of Units of any of the plans computed in the manner indicated in this Scheme Information Document. |
| **Registrar /Karvy** | Karvy Fintech Private Limited, who have been appointed as the Registrar or any other Registrar who is appointed by RNAM. |
E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that

1. The Scheme Information Document of Nippon India Interval Fund - Quarterly Interval Fund - Series II, 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. All 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, to the best of our knowledge and belief.

Sd/-

Mumbai
October 31, 2019
Designation: Chief Legal & Compliance Officer
II - INFORMATION ABOUT THE SCHEME - INTERVAL FUND

A. TYPE OF THE SCHEME
A Debt Oriented Interval Scheme

B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?
The investment objective of the scheme is to seek to generate regular returns and growth of capital by investing in a diversified portfolio of:

i. Central and State Government securities and

ii. Other fixed income/ debt securities.

C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?
Under normal circumstances, the asset allocation shall be as follows:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative allocations (% of total assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market instruments</td>
<td>Maximum: 100, Minimum: 30</td>
<td>High/Medium/Low</td>
</tr>
<tr>
<td>Government Securities issued by Central &amp;/or State Government &amp; other fixed income/ debt securities* including but not limited to Corporate bonds and securitised debt</td>
<td>Maximum: 70, Minimum: 0</td>
<td>Medium to Low</td>
</tr>
</tbody>
</table>

*Debt Securities will also include Securitised Debt, which may go up to 70% of the portfolio. The investment managers shall have the flexibility to invest the debt component into floating rate debt securities in order to reduce the impact of rising interest rates. Derivatives may be used to create synthetic fixed rate bond/floating rate bonds. Investments shall be permitted only in such securities which mature on or before the opening of the immediately following specified transaction period.

Explanation: In case of securities with put and call options the residual time for exercising the put option of the securities shall not be beyond the opening of the immediately following transaction period

However, the above is only indicative and the AMC reserves the right to modify the pattern, in the interest of investors, depending on the market conditions, for defensive considerations. While the AMC will strive to bring the allocation pattern back to the stated levels within a reasonable time period, it will be a function of the market conditions.

Change in the investment pattern:
Subject to the SEBI Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations, and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unitholders. Such changes in the investment pattern will be for short term and for defensive considerations only.

The Fund shall provide exit option in accordance with the Regulations, if there is any change in the Fundamental Attributes, pursuant to the change in Investment Pattern

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 5 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 Committee and reasons for the same shall be recorded in writing. The Investment 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.

D. WHERE WILL THE SCHEME INVEST?
The investment managers shall 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. The Fund may also enter into “Repo”, hedging or such other transactions as may be allowed to Mutual Funds from time to time. Securitised Debt can be a part of the debt securities, and the Fund will normally endeavour to keep it up to 60 percent of corpus of the Scheme. The fund can invest in Money Market Instruments (Mibor linked instruments, CPs, T-Bills, CDs) and/or other Short Term debt instruments (Floating Rate Notes, Short Tenor NCDs, PTCs) and/or less than 1 year maturity GSecs.

Derivatives will be used only for the purpose of Hedging and Portfolio Rebalancing as permitted under the SEBI Regulations from time to time.

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. Investments in rated 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 RINAM, within the parameters laid down by the Board of Directors of the AMC & the Trustees. Securitised Debt can be a part of the debt securities. The investments in Securitised debt including PTCs may go up to 70% of the corpus of the Scheme. Investments shall be made in foreign debt securities. However, no investments shall be made in foreign securitised debt. The scheme shall invest in foreign debt securities of countries having fully convertible currencies. However, no investments shall be made in foreign securitised debt.

PTC is the abbreviated form for Pass Through Certificates. A pass through certificate represents beneficial interest in an underlying pool of cashflows. These cashflows represent dues against single or multiple loans originated by the seller of these loans. This pool of dues / receivables, after due sorting / cherry picking, is packaged as PTCs and sold to end investors like bank / mutual funds etc.
PTCs may be backed, but not exclusively, by receivables of personal loans, car loans and two wheeler loans and other assets subject to SEBI/other Regulations.

Money Market instruments includes commercial papers, commercial bills, treasury bills, Corporate Debt, Government Securities having residual maturity up to one year, call or notice money certificate of deposit, usance bills and any other like instruments as specified by the Reserve Bank of India from time to time. A short-term debt consideration for this Scheme includes maintaining an adequate float to meet anticipated levels of redemptions, expenses, and other liquidity needs.

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.

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 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. To avoid duplication of portfolios and to reduce expenses, the Scheme may invest in any other schemes of the Fund to the extent permitted by the Regulations. In such an event, the AMC will not charge management fees on the amounts of the Schemes so invested, unless permitted by the Regulations.

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.

Investments may be in listed or unlisted debt instruments, as permitted under SEBI Regulations. These would cover secondary market purchases, Initial Public Offers (IPOs), other public offers, placements, rights offers, etc., subject to SEBI Regulations.

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 RNAM shall be obtained.

Investments in securitised debt including PTCs may go up to 60% of the corpus is a provisional clause. 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.

The scheme can invest upto 15% of net assets in foreign securities subject to the overall investment restriction of Nippon India Mutual Fund in these securities. Further, SEBI vide its circular no. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 has issued guidelines pertaining to investments in overseas financial assets. Accordingly all the investments in ADRs/GDRs/Foreign Securities/Overseas ETFs shall be made in compliance with the above referred circular. To the extent that the assets of the schemes will be invested in securities denominated in foreign currencies, the Indian rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian rupee (if Indian rupee appreciates against these foreign currencies). The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment. The scheme may have to pay applicable taxes on gains from such investment. Boards of asset management companies (AMCs) and trustees shall exercise due diligence in making investment decisions as required under Regulation 25 (2). They shall make a detailed analysis of risks and returns of investment in foreign securities, comparing them with likely yields of the securities available in domestic markets and how these investments would be in the interest of investors.

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.

In line with SEBI circular dated November 11, 2011 and RBI circular dated July 24, 2018 investments in corporate bond repo shall be made basis the policy approved by the Board of RNAM and RCTC. 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 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 in 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.

The liquid schemes launched by SEBI registered Mutual Fund or schemes that invest predominantly in money market instruments / securities

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:

i. Prevailing interest rate scenario

ii. Quality of the security / instrument (including the financial health of the issuer)

iii. Maturity profile of the instrument

iv. Liquidity of the security

v. Growth prospects of the company / industry

vi. Any other factors in the opinion of the fund management team

Risk Measurement /Control

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

Portfolio Turnover

It is presently anticipated that the portfolio turnover rate will be low. However, trading opportunities may emerge from time to time due to inefficiencies in the market causing the portfolio turnover rate to rise. A high portfolio turnover rate may be representative of arbitrage opportunities that exist for securities in the portfolio rather than an indication of the Investment Manager’s view on a sector or security.

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 new Securitised instruments are also very attractive in the primary market. Risk associated with securitized Debt or PTCs are credit risk, liquidity risk and price risk/interest rate risk. 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 Oct 22, 2019.

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Listed/ Unlisted</th>
<th>Current Yield Range As on Oct 22, 2019</th>
<th>Liquidity</th>
<th>Risk profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government Securities</td>
<td>Listed</td>
<td>5.22%-7.19%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Corporate Debentures / PSU Bonds</td>
<td>Listed</td>
<td>6.60%-7.90%</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>CDs (short term)</td>
<td>Unlisted</td>
<td>5.37%-6.20%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Call Money</td>
<td>Unlisted</td>
<td>4.00%-5.50%</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Mibor linked Papers*</td>
<td>Listed</td>
<td>225-270 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 Oct 22, 2019) 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>5.29%-5.51%</td>
<td>5.65%-6.53%</td>
<td>6.63%-7.04%</td>
<td>7.06%-7.32%</td>
</tr>
<tr>
<td>Debentures / Bonds (AAA rated)</td>
<td>6.60%-6.65%</td>
<td>6.83%-7.34%</td>
<td>7.54%-7.90%</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.

Investors are requested to take note that in case the scheme invests in securitized debt, following shall be applicable:
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 tenor 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 reinvestment 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;
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 re-schedulement 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 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 60 months or lower</td>
<td>Upto 12 months or lower</td>
<td>Upto 36 months or lower</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 5%</td>
<td>In excess of 10%</td>
<td>In excess of 10%</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>
</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>
</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>
</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>
</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 securitized 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 a average tenor of upto 24 months and 2 months for contracts with a average tenor 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

Pl 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 fully 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 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.

The sum total of derivative contracts outstanding shall not exceed 50% of the net assets of the scheme.
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

1. No principal amount is exchanged. A notional principal amount is agreed upon for interest calculation purposes.
2. 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)

A 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.

A FRA enables parties to fix interest cost on a future borrowing or fix an interest rate for a future investment.

Hedging a future asset

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
Tenor : 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).

1. No principal amount is exchanged. A notional principal amount is agreed upon for interest calculation purposes.
2. 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.

In terms of SEBI Circular Cir/IMD/DF/11/2010 dated August 18, 2010, following shall be applicable:
1. The cumulative gross exposure through equity, 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 counter party 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.

**Investment in overseas financial assets**

SEBI vide its circular no. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 has issued guidelines pertaining to investments in overseas financial assets. Accordingly all the investments in ADRs/GDRs/Foreign Securities/Overseas ETFs shall be made in compliance with the above referred circular. It is the investment manager’s belief that overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Offshore investment will be made subject to any/all approvals/conditions thereof as may be stipulated by SEBI/RBI/other regulatory authorities. Ms. Kinjal Desai has been appointed as the Fund Manager for Overseas Investments, as prescribed in the aforesaid SEBI circular. The fund may, where necessary, appoint other intermediaries of repute as advisors, sub-custodians, etc. for managing and administering such investments. The fees and expenses of such appointment would be part of the recurring expenses of the scheme. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would include, besides the investments management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs and overseas regulatory costs. Investment in foreign securities offers more opportunities and diversification for investments.

**Advantages and Risks attached with investments in Overseas Financial Assets**

It is AMC’s belief that the investment in ADRs/GDRs/overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the schemes. Since the Scheme would invest only partially in ADRs/ GDRs/overseas securities, there may not be readily available and widely accepted benchmarks to measure performance of the Scheme.

1. To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI/RBI from time to time.
2. To the extent that the assets of the Schemes will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by the changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital also may be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of the other restrictions on investment.
3. Offshore investments will be made subject to any/all approvals, conditions thereof as may be stipulated by SEBI/RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The Fund may, wherever necessary, appoint other intermediaries of repute as advisors, custodian/sub-custodians etc. for managing and administering such investments.
4. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs, and overseas regulatory costs.

**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 Debt Oriented Interval Scheme

2. **Investment Objectives**
   i. **Main Objective:** Refer to Section II - B : What is the Investment Objective of the Scheme?
   ii. **Investment pattern:** Refer to Section II - C : How will the Scheme allocate its assets?

3. **Terms of Issue**
   i. **Liquidity provisions such as listing, repurchase, redemption**
      The Regulations require that every Interval Fund scheme shall be mandatorily listed on a recognised stock exchange. The units of the Series/plans under the scheme will be listed on the National Stock Exchange of India Ltd. (NSE). However the trustees reserve the right to list the units of the plan on any other Stock Exchange. Since units are proposed to be listed on the NSE, an investor can buy/sell units of the Plan under the Scheme on a continuous basis on the NSE and/or any other recognized stock exchanges where units will be listed during non specified transaction period.
      
      Investors holding the units by way of an account statement (physical form) will not be able to trade their units on Stock Exchange. The Units of the Scheme are available for trading and transfer only in demat mode via the stock exchanges.
      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.

The Scheme will offer for Subscription/ Switch-in and Redemption / Switch-out of Units without any load on Specified Transaction Period, once a quarter on an ongoing basis. The units can be purchased from the AMC only during the specified transaction period of the scheme. The applications for Sale/Switch in and Redemption/Switch out requests will be accepted during normal business hours on the first day of the Specified Transaction Period and upto 3.00 p.m. on the second day of the Specified Transaction Period. No redemption/repurchase of units shall be allowed with the Fund except during the Specified Transaction Period.

If units are held in dematerialized form, investors can buy/sell units on a continuous basis on the stock exchanges(s) on which the units are listed and can be purchased/ sold during the trading hours like any other publicly traded stock, except during the temporary suspension period, if any. Moreover, no redemption/switch out will be allowed during the second day of the STP for purchase/switch ins made during the first day of the STP. As per SEBI Regulations, the Mutual Fund shall despatch Redemption proceeds within 10 Working Days of receiving a valid Redemption request. In case the Redemption proceeds are not made within 10 Working Days of the date of receipt of a valid Redemption request, interest will be paid @ 15% per annum from the 11th day onwards or such other rate as may be prescribed by SEBI from time to time. The AMC shall have the flexibility to change/ alter the “Specified Transaction Period” depending upon the prevailing market conditions and in the interest of the unit holders.

ii. Aggregate fees and expenses charged to the scheme

a. New Fund Offer (NFO) Expenses : Refer to Section IV - A : New Fund Offer (NFO) Expenses

b. Annual Scheme Recurring Expenses : Refer to Section IV - B : Annual Scheme Recurring Expenses

iii. 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) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) thereunder and affect the interests of Unitholders is carried out unless:

- A written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and

- The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

CRISIL Liquid Fund Index.

The CRISIL Liquid Fund index of this kind serves as an indicator for all the market participants in this category, to benchmark their performance against the index. Hence, 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 fund portfolio.

H. WHO MANAGES THE SCHEME?

<table>
<thead>
<tr>
<th>Name of the Fund Manager</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 Other Scheme managed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms. Kinjal Desai Fund Manager - Overseas Investment (Managing the Scheme Since May 2018)</td>
<td>30</td>
<td>MSc (Economics)</td>
<td>6 years of experience From May 25, 2018 onwards Fund Manager - Overseas Investment, RNAM December 2012 to May 24, 2018 Associate Equity Investments at RNAM Assisting Lead Analyst in Equity Research, idea generation and sector Monitoring., assisting Fund Managers in stock selection and monitoring of overseas investments</td>
<td>Dedicated Fund Manager for Overseas Investments Nippon India ETF Hang Seng BeES Nippon India Japan Equity Fund Nippon India US Equity Opportunities Fund</td>
</tr>
</tbody>
</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. 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.;

2. 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.

3. 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.

4. 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.

5. 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.]

6. 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:

Provided that a mutual fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the Board:

Provided further that a mutual fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the Board.

Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

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

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

The investments by debt mutual fund schemes in debt and money market instruments of group companies of both the sponsor and the c. All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.

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. 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.;

2. 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.

3. 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.

4. 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.

5. 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.]

6. 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:

Provided that a mutual fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the Board:

Provided further that a mutual fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the Board.

Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

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

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

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.

 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.

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

10. 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 respective Plan(s) 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.

- RNAM will not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks.

11. No term loans for any purpose will be advanced by the Scheme.
12. 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 RNAM 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.

13. The Scheme may invest in Overseas securities in accordance with the regulations as applicable from time to time.

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

15. Aggregate value of ‘illiquid securities’ of the Scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the Scheme.

16. Total exposure of the scheme in a particular sector (excluding investments in Bank CDs, Tri-party Repo, G-Secs, T-Bills and AAA rated securities issued by Public Financial Institutions and Public Sector Banks and such other instruments 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.

17. The Trustee Company in consultation with 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 will be made in accordance with the Regulations including Schedule VII thereof and the Fundamental Attributes of this Scheme.

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.

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

20. Investments would be made in such securities that mature on or before the opening of the immediately following transaction period.

21. 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 RNAM 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.
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). 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? (As on September 30, 2019)

<table>
<thead>
<tr>
<th>Compounded Annualised Returns</th>
<th>Scheme Returns %</th>
<th>Benchmark Returns %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns for the last 1 year</td>
<td>7.43</td>
<td>7.37</td>
</tr>
<tr>
<td>Returns for the last 3 years</td>
<td>7.40</td>
<td>7.09</td>
</tr>
<tr>
<td>Returns for the last 5 years</td>
<td>7.75</td>
<td>7.50</td>
</tr>
<tr>
<td>Returns since inception</td>
<td>8.20</td>
<td>7.50</td>
</tr>
</tbody>
</table>

Absolute Returns for each financial year for the last 5 years

<table>
<thead>
<tr>
<th>Absolute Returns for each financial year for the last 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 14-15&lt;br&gt;9.33&lt;br&gt;8.98&lt;br&gt;FY 15-16&lt;br&gt;8.19&lt;br&gt;8.06&lt;br&gt;FY 16-17&lt;br&gt;7.07&lt;br&gt;7.11&lt;br&gt;FY 17-18&lt;br&gt;7.73&lt;br&gt;6.84&lt;br&gt;FY 18-19&lt;br&gt;7.53&lt;br&gt;7.63</td>
</tr>
</tbody>
</table>

Past performance may or may not be sustained in future
Calculation assume that all payouts during the period have been re-invested in the units of the scheme at the then prevailing NAV. All the returns are of Growth Plan - Growth Option • Face Value of the Scheme is Rs. 10/- Per unit

K. ADDITIONAL DISCLOSURES

a. Top 10 holdings by issuer and sectors (As on September 30, 2019)

<table>
<thead>
<tr>
<th>Holding</th>
<th>Weightage(%)</th>
<th>Sector</th>
<th>Allocation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axis Bank Limited</td>
<td>11.38%</td>
<td>Financial Services</td>
<td>53.23%</td>
</tr>
<tr>
<td>National Bank For Agriculture and Rural Development</td>
<td>11.38%</td>
<td>Energy</td>
<td>9.82%</td>
</tr>
<tr>
<td>Power Grid Corporation of India Limited</td>
<td>9.82%</td>
<td>Telecom</td>
<td>9.77%</td>
</tr>
<tr>
<td>Reliance Jio Infocomm Limited</td>
<td>9.77%</td>
<td>Metals</td>
<td>9.75%</td>
</tr>
<tr>
<td>Vedanta Limited</td>
<td>9.75%</td>
<td>Consumer Goods</td>
<td>8.11%</td>
</tr>
<tr>
<td>Deutsche Investments India Pvt Limited</td>
<td>9.74%</td>
<td>Others</td>
<td>7.50%</td>
</tr>
<tr>
<td>Bajaj Finance Limited</td>
<td>8.19%</td>
<td>Cash &amp; Cash Equivalent:</td>
<td>1.82%</td>
</tr>
<tr>
<td>Housing Development Finance Corporation Limited</td>
<td>8.12%</td>
<td>Cash &amp; Cash Equivalent:</td>
<td>1.75%</td>
</tr>
<tr>
<td>Hero Cycles Limited</td>
<td>8.11%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nippon India Mutual Fund</td>
<td>6.54%</td>
<td></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 for Debt Schemes

C. Aggregate Investments in the scheme by Board of Directors / Fund Managers / Other Key Managerial Persons as on September 30, 2019

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

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

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

**A. NEW FUND OFFER (NFO)**

This section is not applicable, as the ongoing offer of the Scheme has commenced after the NFO, and the Units are available for continuous subscription and redemption.

However details of the NFO relevant for the ongoing offer are provided below:

<table>
<thead>
<tr>
<th>Plans / Options offered</th>
<th>The scheme have Growth Option, Dividend Option, Direct Plan - Growth Option, Direct Plan - Dividend Option Dividend Option &amp; Direct Plan - Dividend Option shall further have Dividend Payout Option and Dividend Reinvestment Option.</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Growth Option / Direct Plan - Growth Option: Under the Growth Option, there will be no distribution of income and the returns to the investor is only by way of capital gains/ appreciation, if any, through redemption at applicable NAV of the units held by them.</td>
<td></td>
</tr>
<tr>
<td>ii. Dividend Option / Direct Plan - Dividend Option: Distribution of dividend will be subject to the availability of distributable surplus, as computed in accordance with the SEBI Regulations after the deduction of TDS and applicable surcharge, if any. However, the Trustees reserve 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.</td>
<td></td>
</tr>
</tbody>
</table>

The actual date of declaration of dividend as and when required by regulation will be notified by display at the designated investor service centres. Please note that if no Plan/Option is mentioned / indicated in the Application form, the units will, by default, be allotted under Growth Option. Similarly, if no option is mentioned in Dividend Plan then by default it will be considered as Dividend Reinvestment Option of the Dividend Plan as the sub-option. Thereafter the unitholder is free to switch units to any other plan / option in the Scheme.

Investor may note that following shall be applicable for default plan

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Broker 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 Regular Plan/Other than Direct Plan</td>
<td>Direct Plan</td>
<td></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/Other than Direct Plan</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>7</td>
<td>Mentioned</td>
<td>Regular Plan/Other than Direct Plan</td>
<td>Regular Plan/Other than Direct Plan</td>
</tr>
<tr>
<td>8</td>
<td>Mentioned</td>
<td>Not Mentioned</td>
<td>Regular Plan/Other than Direct 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/Other than Direct 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. barring under the following circumstances.

a) Units applied under Daily Dividend Plan
b) If the aforesaid units are Redeemed / Switched, fully / partially into another scheme / plan

**Record Date:** The dividend record dates shall be both, i.e. the first & second day of the specified transaction period of the scheme. The AMC reserves the right to change the record date from time to time. Accordingly, the following will be applicable in respect of the applications received under the Dividend Option of the Schemes:

**For Subscriptions including Switch ins under Dividend Option**

In respect of valid applications for subscriptions received upto 3.00 p.m. on the aforesaid STP / Record Date alongwith a local cheque or a demand draft payable at par at the place where the application is received, the Ex-Dividend NAV of the day on which application is received shall be applicable. The investors will not be eligible for dividend declared, if any, on the aforesaid Record Date;

In respect of valid applications received after 3.00 p.m. on the second day of the Specified Transaction Period the closing NAV of the next working day shall be applicable, provided such a day is / has been declared as a Specified Transaction day for the fund. Otherwise, the application will be liable for rejection.

In respect of purchase of units in Income / Debt Oriented scheme (other than liquid schemes) with amount equal to or more than Rs. 2 Lakhs, the applicable NAV shall be subject to the provisions of SEBI Circular CIR/IMD/DF/21/2012 dated September 13, 2012 on uniform cut-off timings for applicability of NAV. With regard to Unit holders who have opted for Dividend Reinvestment facility, the dividend due will be reinvested by allotting Units for the income distribution / Dividend amount at the prevailing Ex-Dividend NAV per Unit on the record date.

**For Redemptions including Switch out under Dividend Option**

In respect of valid applications received upto 3.00 p.m. by the Mutual Fund, on the aforesaid Record Date the Ex-Dividend NAV of the date of receipt of application shall be applicable and the investors will be eligible for the dividend declared on the aforesaid Record Date.
### Dividend Policy

<table>
<thead>
<tr>
<th>Record date</th>
<th>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.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend declaration / distribution</td>
<td>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.</td>
</tr>
</tbody>
</table>

### Process for declaration of dividend in Unlisted Schemes/Plans

| i. | 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. |
| ii. | 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. |
| iii. | 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. |
| iv. | 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. |
| v. | 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 scheme/plan/option having frequency of dividend distribution from daily upto monthly dividend.

The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend. In the event of failure of dispatch of Dividend warrants within 30 days, the AMC shall pay an interest @ 15 per cent per annum of the relevant Dividend amount to the applicable Unit holders.

### 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.
Who can invest
This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile.

The units of the scheme are being offered to the public for subscription.
The following persons (subject, wherever relevant, to purchase of units being permitted under their respective constitutions and relevant State Regulations) are eligible to subscribe to the units:
The units of the scheme are being offered to the public for subscription.
The following persons are eligible and may apply for subscription to the Units of the Scheme(s) (subject to wherever relevant statutory regulations and their respective constitutions):

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.  
17. Such other individuals/institutions/body corporate etc., as may be decided by the AMC from time to time, so long as wherever applicable they are in conformity with SEBI Regulations.

Note:
1. Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) residing abroad / Foreign Portfolio Investors (FPIs) have been granted a general permission by Reserve Bank of India Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 for investing in / redeeming units of the mutual funds subject to conditions set out in the aforesaid regulations.

2. 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, alongwith 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 redemption.

3. Neither the Scheme Information Document ("SID")/ Key Information Document ("KID")/ 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 KID accompanying application form in such relevant 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 lawfully 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 RNAM shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the RNAM. The investor shall be responsible for complying with all the applicable laws for such investments.
Dematerialization

The Unit holders are given an Option to hold the units by way of an Account Statement or in Dematerialized ('Demat') form. 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 DP (registered with NSDL / CDSL as may be indicated by the Fund at the time of launch of the Plan) 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.

Unitholders may please note that request for conversion of units held in non-demat form into electronic/demat form can be submitted to their Depository Participants. These units once converted into demat/electronic mode will then be eligible for trading on the NSE or other recognised stock exchanges in India, as decided by the AMC from time to time.

Where can you submit the filled up applications.

Applications for purchase/redemption/switches be submitted 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 Draft/s payable locally at that DISC.

How to Apply

Please refer to the SAI and Application form for the instructions.

Listing

The units of the scheme shall be listed on National Stock Exchange of India Ltd. (NSE). However the trustees reserve the right to list the units on any other recognised Stock Exchange.

The units shall be available for trading on all days as per the exchange procedures other than on Specified Transaction Day. On Specified Transaction Day, the units shall be available for purchase and redemption from the AMC / MF. Trading of units on the Stock Exchange(s) will be round lots of 1.

Dematerialization
### B. ONGOING OFFER DETAILS

<table>
<thead>
<tr>
<th>Ongoing Offer Period</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</strong></td>
<td>The Units of the Scheme will not be available for Subscriptions, Switch-in, Redemption and Switch out after the closure of NFO period except during specified transaction period. To provide liquidity to the investors, the units of the Scheme will be listed on NSE and/or on any of the recognized Stock Exchanges in India.</td>
</tr>
<tr>
<td>Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the mutual fund) by investors.</td>
<td>At the applicable NAV during specified transaction period. The Units of the Scheme will not be available for subscriptions / switch-in (Inter Scheme or Inter Plan) after the closure of NFO Period except during Specified Transaction Period.</td>
</tr>
<tr>
<td>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors.</td>
<td>At the applicable NAV subject to prevailing exit load, if any, during the specified transaction period. No redemption/ repurchase / switch out (Inter Scheme / Inter Plan) of units shall be allowed except during Specified Transaction Period.</td>
</tr>
<tr>
<td>Cut off timing for subscriptions/redemptions/switches</td>
<td>Cut-off timings with respect to Subscriptions/Purchases including switch – Ins:</td>
</tr>
<tr>
<td><strong>This is the time before which your application (complete in all respects) should reach the official points of acceptance during specified transaction period.</strong></td>
<td>1. <strong>Purchases for an amount of Rs 2 lakh and above:</strong> In respect of valid application received before 3.00 p.m. and funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the scheme and are available for utilization before the cut-off time of 3.00 p.m., the closing NAV of the day shall be applicable; In respect of valid application received after 3.00 p.m. and funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the scheme and available for utilization before the cut-off time of the next business day, the closing NAV of the next business day shall be applicable; Irrespective of the time of receipt of application, the closing NAV of the day on which the funds are credited to the bank account of the scheme and available for utilization before the cut-off time on any subsequent business day, the closing NAV of such subsequent business day shall be applicable.</td>
</tr>
<tr>
<td></td>
<td>2. <strong>For switch-in of Rs 2 lakh and above</strong> a. Application for switch-in is received before the applicable cut-off time of 3.00 p.m b. Funds for the entire amount of subscription/purchase as per the switch-in request are credited to the bank account of the respective switch-in schemes before the cut-off time; c. The funds are available for utilization before the cut-off time, by the respective switch-in schemes</td>
</tr>
<tr>
<td></td>
<td>3. <strong>Purchases/switch-in for amount of less than Rs 2 lakh:</strong> a. where the application is received upto 3.00 p.m.with a local cheque or demand draft payable at par at the place where it is received – closing NAV of the day of receipt of application; b. where the application is received after 3.00 p.m.with a local cheque or demand draft payable at par at the place where it is received – closing NAV of the next business day and;</td>
</tr>
</tbody>
</table>
c. where the application is received with an outstation cheque or demand draft which is not payable on par at the place where it is received – closing NAV of day on which the cheque or demand draft is credited

Uniform process for aggregating split transactions for NAV applicability:
Pursuant to AMFI circular no. 135/BP/35/2012-13 dated February 18, 2013, the following practice of aggregating split transactions shall be followed and accordingly the closing NAV of the day on which the funds are available for utilization shall be applied where the aggregated amount of investments is Rs. 2 lacs and above:

a. All transactions received on the same day (as per Time stamp rule).
b. Transactions shall include purchases, additional purchases, excluding Switches, SIP/STP/ triggered transactions and various other eligible systematic transactions as mentioned in the para titled "Special Products" of respective SIDs

c. Aggregations shall be done on the basis of investor’s PAN. In case of joint holding, transactions with similar holding structures shall be aggregated.
d. All transactions shall be aggregated where investor holding pattern is same as stated above, irrespective of whether the amount of the individual transaction is above or below Rs 2 lacs.
e. Only transactions in the same scheme shall be clubbed. This will include transactions at plan/ option level (Dividend, Growth, Direct).
f. Transactions in the name of minor, received through guardian should not be aggregated with the transaction in the name of same guardian.

Further, investors may please note that the said process is being followed in line with the directives specified by Association of Mutual Funds in India ("AMFI"). NIMF / RNAM shall reserve the right to change / modify any of the terms with respect to processing of transaction in line with directives specified by Securities & Exchange of Board of India and / or AMFI from time to time.

Redemptions including switch - outs
The following cut-off timings shall be observed by a mutual fund in respect of repurchase of units in its other schemes and their plans, and the following NAVs shall be applied for such repurchase:

a. where the application received upto 3.00 p.m.– closing NAV of the day of receipt of application; and
b. an application received after 3.00 p.m.– closing NAV of the next business day.

Where can the applications for purchase/redemption switches be submitted?
Applications for purchase/redemption/switches be submitted 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 Draft/s payable locally at that DISC.

Minimum amount for purchase/redemption/ switches

<table>
<thead>
<tr>
<th>Period</th>
<th>Minimum amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>During Specified Transaction Period:</td>
<td></td>
</tr>
<tr>
<td>First Purchase</td>
<td>Rs. 5,000 and in multiples of Re.1 thereafter.</td>
</tr>
<tr>
<td>Additional Purchase</td>
<td>Rs. 1,000 and in multiples of Re. 1 thereafter.</td>
</tr>
<tr>
<td>Minimum Switch Amount</td>
<td>Will be as per the minimum application amount in the respective scheme which may have been opted by the investor for switching the units/amount where the switch facility is available</td>
</tr>
<tr>
<td>For Redemption / including switch – outs</td>
<td>Redemptions can be of minimum amount of Rs 100 or any number of units</td>
</tr>
</tbody>
</table>

Minimum balance to be maintained and consequences of non maintenance.
The Fund may revise the minimum/maximum amounts and methodology for redemptions as and when necessary. Such modifications shall be carried out on a prospective basis from the date of notification of such change and would not, in any manner, be prejudicial to the interests of the investors who have joined the scheme before such notification. Changes if any would be suitably communicated to the unitholders.

Special Products /Facilities available
Special features such as Systematic Investment Plan; Systematic Transfer Plan & Systematic Withdrawal Plan will not be available.
The following shall be available:

1. PAN EXEMPT INVESTMENTS
2. TRANSACTIONS THROUGH WEBSITE OF Nippon India Mutual Fund www.nipponindiamf.com, Nippon India Mutual Fund MOBILE APPLICATIONS AND OTHER DIGITAL ASSETS/ PLATFORMS
3. OFFICIAL POINTS OF ACCEPTANCE OF TRANSACTION THROUGH MF UTILITY
4. TRANSACTIONS THROUGH ELECTRONIC PLATFORM OF REGISTRAR AND TRANSFER AGENT
5. FACILITATING TRANSACTIONS THROUGH STOCK EXCHANGE MECHANISM
1. 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 Identification 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.

Investors are requested to note that, incase 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 exceeds 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 where the total investments for that financial year exceeds Rs. 50,000, such lump sum 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.

2. TRANSACTIONS THROUGH WEBSITE OF NIPPON INDIA MUTUAL FUND WWW.NIPPONINDIAMF.COM, NIPPON INDIA MUTUAL FUND MOBILE APPLICATIONS AND OTHER DIGITAL ASSETS/ PLATFORMS

a. ALTERNATE MEANS OF TRANSACTION - ONLINE TRANSACTION:

Facility of online transactions is available during the each Specified Transaction Period on the official website of Nippon India Mutual Fund i.e. www.nipponindiamf.com. Consequent to this, the said website is declared to be an “official point of acceptance” for applications for subscriptions, redemptions, switches and other facilities (if applicable). The Uniform Cut - off time as prescribed by SEBI and as mentioned in the Scheme Information Documents of scheme shall be applicable for applications received through the website. However, investors should note that transactions on the website shall be subject to the eligibility of the investors, any terms & conditions as stipulated by Nippon India Mutual Fund/Reliance Nippon Life Asset Management Limited from time to time and any law for the time being in force.”

b. 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://www.nipponindiamf.com is 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 / RNAM reserve the right to introduce, change, modify or withdraw the features available in this facility from time to time.

c. SUBSCRIPTION THROUGH VISA MASTER CARD AND MAESTRO DEBIT CARD

Nippon India Mutual Fund (NIMF) shall accept subscriptions in the schemes of NIMF from investors having existing folio on internet through VISA Master Card and Maestro Debit Card. The said investments can be made through our official website i.e. www.nipponindiamf.com. Investors are requested to note that RNAM shall endeavor to obtain the details of the bank account debited from the payment gateway service provider and match the same with the registered pay-in accounts. In case it is found that the payment is not made from a registered bank account or from an account not belonging to the first named unit holder, the RNAM or its Registrar & Transfer Agent shall reject the transaction with due intimation to the investor.
RNAM shall endeavor to obtain name of the Bank making the payment for subscription, where the investors’ account details are not made available by the payment gateway service provider. Consequently, for subscription through this mode the said website shall be an “official point of acceptance”. The Uniform Cut-off time as prescribed by SEBI and as mentioned in the Scheme Information Document of respective schemes shall be applicable for applications received on the website. However, investors should note that transactions on the website shall be subject to the SEBI Regulations, eligibility of the investors, terms & conditions, operating guidelines as stipulated by NIMF/RNAM, from time to time and any law for the time being in force. NIMF / RNAM reserve the rights to introduce, change, modify or withdraw the features available in this facility from time to time.

3. OFFICIAL POINTS OF ACCEPTANCE OF TRANSACTION THROUGH MF UTILITY:
RNAM has entered into an agreement with MF Utilities India Private Limited (“MFUI”), a “Category II - Registrar to an Issue” under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, for usage of MF Utility (“MFU”) - a shared services initiative of various asset management companies, which acts as a transaction aggregator for transacting in multiple schemes of various mutual funds with a single form and a single payment instrument.

Accordingly, all the authorized POS and website/mobile application of MFUI (available currently and also updated from time to time) shall be eligible to be considered as ‘official points of acceptance’ for all financial and non-financial transactions in the schemes of NIMF either physically or electronically with effect from February 6, 2015. The list of POS of MFUI is published on the website of MFUI at www.mfuindia.com.

Applicability of NAV shall be based on time stamping as evidenced by confirmation slip given by POS of MFUI and also the realization of funds in the Bank account of Nippon India Mutual Fund (and NOT the time of realization of funds in the Bank account of MFUI) within the applicable cut-off timing. The Uniform Cut-off time as prescribed by SEBI and mentioned in the SID / KIM shall be applicable for applications received through such facilities.

Investors are requested to note that MFUI will allot a Common Account Number (“CAN”) i.e. a single reference number for all investments in the mutual fund industry for transacting in multiple schemes of various mutual funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form and necessary documents at the POS. The AMC and/or its Registrar and Transfer Agent shall provide necessary details to MFUI as may be needed for providing the required services to investors/distributors through MFU. Investors are requested to visit the website of MFUI i.e. www.mfuindia.com to download the relevant forms.

For any queries or clarifications related to MFU, please contact the Customer Care of MFUI on +91-22-61344316 (during the business hours on all days except Sunday and public holidays) or send an email to clientservices@mfuindia.com

4. TRANSACTIONS THROUGH ELECTRONIC PLATFORM OF REGISTRAR AND TRANSFER AGENT
RNAM has introduced this facility w.e.f. July 13, 2018. Investors will be allowed to transact in the schemes of Nippon India Mutual Fund (NIMF) through the Electronic platform of Karvy Fintech Private Limited (Karvy), Registrar and Transfer Agent of NIMF, i.e. website www.karvyfms.com and mobile application ‘KTRACK’ (or any other name as specified from time to time). Consequently, this the said website and mobile application shall be declared to be 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.

NIMF/RNAM reserves the right to introduce, change, modify or withdraw the features available in these facilities from time to time.

5. 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 and / or Bombay Stock Exchange Limited who are also registered with Association of Mutual Funds of India and are empanelled as distributors with RNAM. Accordingly, such stock brokers shall be eligible to be considered as ‘official points of acceptance’ of NIMF.

International Security Identification Numbers (ISIN) in respect of the plans / options of the Scheme have been created and have been 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 physical or depository mode in accordance with the choice of the investor. 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.

Time stamping as evidenced by confirmation slip given by stock exchange mechanism shall be considered for the purpose of determining applicable NAV and cut off timing for the transaction. 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. In case investors desire to convert their existing physical units (represented by statement of account) into dematerialised form, RNAM will facilitate the same with Registrar and Transfer Agents, Depositories and DPs. In case the units are desired to be held by investor in dematerialised form, the KYC performed by DP shall be considered compliance with SEBI Circular ISD/AML/CIR-1/2008 dated December 19, 2008.
In Terms of SEBI circular vide reference no. CIR/IMD/DF/I 7/2010 dated November 09, 2010 with effect from December 30, 2010:

1. In addition to the trading members of NSE and BSE, clearing members of registered Stock Exchanges shall be eligible to offer purchase and redemption of units of specified Schemes of NIMF on NMFII Platform and BSE Star MF System during Specified transactions period.

2. Depository participants of registered Depositories shall be eligible to process only redemption request of units held in demat form.

3. Clearing members and depository participants will be eligible to be considered as Official Points of Acceptance of NIMF in accordance with the provisions of SEBI circular vide reference no. SEBI/ IMD/CIR No.I/78450/06 dated October 1 1, 2006 and shall be required to comply with conditions stipulated in SEBI circular vide reference no. 1 1 /I 83204/2009 dated November 13, 2009 for stock brokers viz. AMFI /NISM certification, code of conduct prescribed by SEBI for Intermediaries of Mutual Fund. Further, Clearing members and depository participants shall comply with the operating guidelines issued by Stock Exchange and Depositories in this regards as may be applicable.

4. Investors having demat account and purchasing and redeeming mutual fund units in demat mode through trading/ clearing members, shall receive redemption proceeds (if units are redeemed) and units (if units are purchased) through trading/ clearing member’s pool account. NIMF/ Reliance Nippon Life Asset Management Company Ltd. (RNAM)/ its Registrar will pay redemption proceeds to the trading/ clearing member (in case of redemption) and trading/ clearing member in turn will pay redemption proceeds to the respective investor. Similarly, units shall be credited by NIMF/ RNAM/Registrar into trading/ clearing member’s pool account (in case of purchase) and trading/ clearing member in turn will credit the units to the respective investor’s demat account.

5. Payment of redemption proceeds to the trading/ clearing members by NIMF/ RNAM/ its Registrar shall discharge NIMF/ RNAM of its obligation of payment of redemption proceeds to individual investor. Similarly, in case of purchase of units, crediting units into trading/ clearing member pool account shall discharge NIMF/ RNAM of its obligation/ to allot units to individual investor.

6. It may be noted that Stock exchanges and Depositories shall provide investor grievance handling mechanism to the extent they relate to disputes between their respective regulated entity and their client and shall also monitor the compliance of code of conduct specified in the SEBI Circulars MFD/CIR/20/23230/02 dated November 28. 2002 and SEBI/IMD/08/174648/2009 dated August 27, 2009 regarding empanelment and code of conduct for intermediaries of Mutual Funds.


   a. 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/ RNAM.

   b. 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.

   c. Non-demat transactions are also permitted through stock exchange platform.

   (8) At present, the switch facility in the units of NIMF schemes is 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.

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 RNAM/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.

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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 [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 and bonus transactions. 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 RNAM/NIMF for each calendar month on or before 10th of the immediately succeeding month.

The Consolidated Account statement will be in accordance to SEBI circular no. 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, RNAM / 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

<table>
<thead>
<tr>
<th>Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Redemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>The redemption or repurchase proceeds shall be dispatched to the unit holders within 10 Business Days from the date of redemption or repurchase.</td>
</tr>
</tbody>
</table>

Further, investors are requested to note that processing of Redemption or Repurchase transactions without PAN in respect of Non-PAN-Exempt folios has been restricted with effect from September 30, 2019.

For all such Non-PAN-Exempt folios, 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 Nippon India Mutual Fund (NIMF) and then submit Redemption requests.

<table>
<thead>
<tr>
<th>Delay in payment of redemption / repurchase / subscription proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Asset 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).</td>
</tr>
</tbody>
</table>

No interest will be payable on any subscription money refunded within 5 business days. If the Fund refunds the amount after 5 business days, interest @ 15% p.a. will be paid to the applicant and borne by the AMC for the period from the day following the date of expiry of 5 business 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. In both cases, the bank account number and bank name, as specified in the application, will be mentioned in the refund order. The bank and/or collection charges, if any, will be borne by the applicant. All the refund payments will be mailed by registered post or as required under Regulations.

In the case of holdings specified as ‘jointly’, all requests will have to be signed by all the joint holders. However, in the case of holdings specified as ‘any one or survivor’, any one of the joint holders may sign such requests.

The Asset 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). No interest will be payable on any subscription money refunded within 5 business days. If the Fund refunds the amount after 5 business days, interest @ 15% p.a. will be paid to the applicant and borne by the AMC for the period from the day following the date of expiry of 5 business 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. In both cases, the bank account number and bank name, as specified in the application, will be mentioned in the refund order. The bank and/or collection charges, if any, will be borne by the applicant. All the refund payments will be mailed by registered post or as required under Regulations.

In the case of holdings specified as ‘jointly’, all requests will have to be signed by all the joint holders. However, in the case of holdings specified as ‘any one or survivor’, any one of the joint holders may sign such requests.

<table>
<thead>
<tr>
<th>How to Redeem</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Units can be redeemed at the Redemption Price.</td>
</tr>
</tbody>
</table>

A Unitholder has the option to request for a redemption either by amount (in Rupees) or by number of Units. If the redemption request indicates both amount (in Rupees) and number of Units, the latter will be considered. Where a Rupee amount is specified or deemed to be specified for redemption, the number of Units redeemed will be the amount redeemed divided by the Redemption Price. Alternatively, a unitholder can request closure of his account, in which case, the entire unit balance lying to the credit of his account will be redeemed.

The number of Units so redeemed will be subtracted from the unitholder’s account balance and a statement to this effect will be issued to the unitholder. In case the balance in unitholder’s account does not cover the amount of redemption request the Fund may close the unitholder’s account and send the entire such (lesser) balance to the unitholders. If an investor has purchased Units on more than one working day, the Units purchased prior in time (i.e. those Units which have been held for the longest period of time), will be deemed to have been redeemed first, i.e. on a First in First out Basis. |
Units purchased by cheque / DD will be marked under lien and will not be redeemed until after realisation of the cheques/DD.

**Note:** The processing of Redemption/Switch/Various transaction request(s) where realization status is not available, NIMF shall keep the units allotted to investor on hold for redemption/switch/Various transactions till the time the payment is realized towards such purchase transaction(s).

The transaction slip can be used by the investor to make a redemption or Inter scheme Switch or Inter plan Switch or Inter Option Switch by entering the requisite details in the transaction slip and submitting the same at the Designated Investor Service Centre. Transaction slips can be obtained from any of the Designated Investor Service Centres.

Alternatively the client can redeem the units online through our website.

While submitting the details for processing any transactions which inter alia includes redemptions, switch out, and systematic transfers etc. there has to be a specific mention about the plan (Direct Plan or Other than Direct Plan) from which the transactions has to be initiated. If no plan is mentioned, redemption request will be processed on a first in first out (FIFO) basis considering both the plans.

RNAM reserves the right to provide the facility of redeeming units of the Scheme through an alternative mechanism as may be decided by the Fund from time to time. The alternative mechanism may include electronic means of communication such as redeeming units online through the website(s) etc.

<table>
<thead>
<tr>
<th>Where to submit the Redemption request</th>
<th>The unitholder should submit the transaction slip for a redemption / switch or request for closure of his / her account at any of the Designated Investor Service Centres.</th>
</tr>
</thead>
</table>

**Payment of Redemption Proceeds**

**Resident Investors**

The Fund proposes to pay redemption proceeds in the following manner:

i. **Direct credit of redemption proceeds to the bank account of unitholders:** The Fund is arranging with selected banks to enable direct credits of redemption proceeds into the bank accounts of the investors at these banks. Such facility of direct credit will be available only with select bankers with whom the Mutual Fund currently has a CMS tie-up in place or will tie-up for such a facility at a later date. As per the directive issued by SEBI, it is mandatory for an investor to declare his / her bank account number and accordingly, investors are requested to give their bank account details in the application form. The Mutual Fund, on a best effort basis, and after scrutinizing the names of the banks where unitholders have their accounts, will instruct the bank for the direct credit of redemption proceeds to the unitholder’s bank account.

ii. **For cases not covered above:** Unitholders will receive redemption proceeds by cheques, marked “A/c. Payee only” and drawn in the name of the sole holder / first-named holder (as determined by the records of the Registrar). The Bank Name and Bank Account No., as specified in the Registrar’s records, will be mentioned in the cheque. In case any investor does not give his bank details, for any reason whatsoever, the Fund shall in no way be responsible for any loss, on payment made without the Payee Bank details in the instrument. The cheque will be payable at par in all the cities where such facility is available with the specified bankers. For other cities, Demand Drafts will be issued payable at the city of his residence after deducting the Demand Draft charges.

Payment of Redemption proceeds, for all open ended schemes, also enclosed SID

**Resident Investors**

The Fund proposes to pay redemption proceeds in the following manner:

i. **Directly to the bank account of unitholders through Direct Credit / RTGS / NEFT:** Direct credit facility will be available only with select bankers with whom the Mutual Fund currently has a tie-up in place or will tie-up for such a facility at a later date. As per the directive issued by SEBI, it is mandatory for an investor to declare his / her bank account number and accordingly, investors are requested to give their bank account details in the application form. The Mutual Fund, on a best effort basis, and after scrutinizing the names of the banks where unitholders have their accounts, will instruct the bank for the payment of redemption proceeds to the unitholder’s bank account.

ii. **For cases not covered above:** Unitholders will receive redemption proceeds by cheques, marked “A/c. Payee only” and drawn in the name of the sole holder / first-named holder (as determined by the records of the Registrar). The Bank Name and Bank Account No., as specified in the Registrar’s records, will be mentioned in the cheque. In case any investor does not give his bank details, for any reason whatsoever, the Fund shall in no way be responsible for any loss, on payment made without the Payee Bank details in the instrument. The cheque will be payable at par in all the cities where such facility is available with the specified bankers. For other cities, Demand Drafts will be issued payable at the city of his residence after deducting the Demand Draft charges.
Non Resident Investors

i. Repatriation Basis: When units have been purchased through remittance in foreign exchange from abroad by cheque / draft issued from proceeds of the unitholders’ FCNR deposit or from funds held in the unitholders’ Non Resident (External) account kept in India, the proceeds can be remitted to the unitholder in foreign currency (any exchange rate fluctuation will be borne by the unitholder). The proceeds can also be sent to his Indian address for crediting to his NRE / FCNR / non-resident (Ordinary) account or NRSR account, if desired by the unitholder.

ii. Non Repatriation Basis: When units have been purchased from funds held in the unitholders’ non-resident (Ordinary) account, the proceeds will be sent to the unitholders Indian address for crediting to the unitholders’ Non-Resident (Ordinary) account.

It may be noted that the investors of NIMF shall be given the payout of redemption as an additional mode of payment through electronic mode as may be specified by Reserve Bank of India from time to time. This is an additional mode of payments over and above existing mode. In order to effect such payments through electronic mode, data validation exercise will be carried out by RNAM through one of the banking channels which will enable RNAM to validate the investor data with the Bank records. It may be noted that if RNAM unable to provide such credits due to various reasons, then payment will be made in accordance with the mode as specified.

The Fund may make other arrangements for effecting payment of redemption proceeds in future.

Despatch of Proceeds

As per SEBI Regulations, the Mutual Fund shall despatch the redemption proceeds within the maximum period allowed, which is currently 10 working days from the date of receipt of the redemption request at the Designated Investor Service Centres.

However, under normal circumstances, The Mutual Fund will endeavour to Credit / dispatch the Redemption proceeds within 3 – 4 Working Days from the receipt of a valid Redemption request as applicable.

For payments made other than through direct transfers, the redemption proceeds shall be dispatched through ordinary mail (with or without UCP) or Registered Post or by Courier, unless otherwise required under the Regulations, at the risk of the unitholder.

Effect of Redemptions

On the Fund: The Unit capital and Reserves of the Scheme will stand reduced by an amount equivalent to the product of the number of Units redeemed and the Applicable NAV as on the date of redemption.

On the unitholder’s account: The balances in the unitholder’s account will stand reduced by the number of Units redeemed.

Additional Purchases/ Inter Scheme Switch / Inter Plan Switch / Inter Option Switch

The transaction slip can be used by the investor to make additional purchases / Inter Scheme Switches / Inter Plan Switches or Inter Option Switches during specified transaction period by entering the requisite details in the transaction slip and submitting the same along with the payment instrument (wherever applicable) at the Designated Investor Service Centre. The transaction slip is attached at the bottom of the Account Statement or can also be obtained from any of the Designated Investor Service Centres. Alternatively, the investor can quote his existing folio number and use a Common Application form to make additional purchases under the same plan/option in the Scheme.

Unitholders may switch their repurchase able holdings (which are not under any lien) in this scheme to any other eligible NIMF Scheme and vice versa. The transfer would be done at the applicable NAV based prices. The difference in the applicable net asset values of the two schemes / plans / options will be reflected in the number of Units allotted.

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. Investors are requested to provide their bank details in the Application Form failing which the same will be rejected as per current Regulations.

The process and documentation requirement for Bank Mandate Updation /Change in details of Bank Account for all individual investors (either singly/jointly) has been provided in SAI. The documents should be complete in all respects to the satisfaction of NIMF, failing which NIMF may, at its sole discretion, reject the change of bank mandate request and pay the redemption proceeds in the existing bank account registered with NIMF, either through direct credit to such existing bank account or through a physical redemption warrant. NIMF shall not be responsible for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, of whatsoever nature and by whatsoever name called, arising out of any such action.

NIMF shall endeavor to process the request for change of Bank Mandate and thereafter redeem the specified units, within 10 working days, from the date of receipt of request. The Mutual Fund will endeavour to Credit / dispatch the Redemption proceeds within 3 – 4 Working Days from the receipt of a valid Redemption request as applicable.

a) Switch of Investments made with ARN code, from Other than Direct Plan to Direct Plan of a Scheme shall be subject to applicable exit load, if any. (subject to statutory taxes and levies, if any)

b) No Exit Load shall be levied for Switch of Investments made without ARN code, from Other than Direct Plan to Direct Plan of the Scheme or vice versa. (subject to statutory taxes and levies, if any)

RNAM reserves the right to change the procedures in respect of subscriptions or Inter-Scheme Switches or Inter- Plan/option Switches, from time to time.

Please refer SAI for further details.
Listing

The Scheme will offer for Subscription/ Switch-in and Redemption / Switch-out of Units without any load on Specified Transaction Period, once a quarter on an ongoing basis. The units can be purchased from the AMC only during the specified transaction period of the scheme. The applications for Sale/ Switch in and Redemption/ Switch out requests will be accepted during normal business hours on the first day of the Specified Transaction Period and upto 3.00 p.m. on the second day of the Specified Transaction Period. No redemption/ repurchase of units shall be allowed with the Fund except during the Specified Transaction Period. If units are held in dematerialized form, investors can buy/sell units on a continuous basis on the stock exchanges(s) on which the units are listed and can be purchased/ sold during the trading hours like any other publicly traded stock, except during the temporary suspension period, if any.

Moreover, no redemption/switch out will be allowed during the second day of the STP for purchase/switch ins made during the first day of the STP. As per SEBI Regulations, the Mutual Fund shall despatch Redemption proceeds within 10 Working Days of receiving a valid Redemption request. In case the Redemption proceeds are not made within 10 Working Days of the date of receipt of a valid Redemption request, interest will be paid @ 15% per annum from the 11th day onwards or such other rate as may be prescribed by SEBI from time to time, The AMC shall have the flexibility to change/ alter the “Specified Transaction Period” depending upon the prevailing the market conditions and in the interest of the unit holders.

Dematerialization

The Unit holders are given an Option to hold the units by way of an Account Statement or in Dematerialized ('Demat') form. 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 DP (registered with NSDL/ CDSL as may be indicated by the Fund at the time of launch of the Plan) 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.

Unitholders may please note that request for conversion of units held in non - demat form into electronic / demat form can be submitted to their Depositary Participants. These units once converted into demat / electronic mode will then be eligible for trading on the NSE or other recognised stock exchanges in India, as decided by the AMC from time to time.

Liquidity

The units can be purchased from the AMC only during the specified transaction period of the scheme. The applications for Sale/Switch in and Redemption/ Switch out requests will be accepted during normal business hours on the first day of the Specified Transaction Period and upto 3.00 p.m. on the second day of the Specified Transaction Period.

No redemption/repurchase of units shall be allowed with the Fund except during the Specified Transaction Period. However, since units are held in dematerialized form so investors can buy/sell units on a continuous basis on the stock exchanges(s) on which the units are listed and can be purchased/ sold during the trading hours like any other publicly traded stock, except during the temporary suspension period, if any.

Moreover, no redemption/switch out will be allowed during the second day of the STP for purchase switch ins made during the first day of the STP.

Accounting of Units on Flexible / First In First Out (FIFO) Basis

Should a unitholder, who holds Units allotted during the Initial Offer or on an ongoing basis, buy more Units subsequently and later opt for redemption, the unitholder shall need to advise the Fund as to which of his units he is redeeming. In the absence of any such advice, it shall be redeemed on a first in-first out basis, i.e. the Units allotted first shall be redeemed first.

Fractional Units

Allotment of units against subsequent purchases / redemption of Units on an ongoing basis shall be done in fractional units, rounded off upto three decimal places.

Transfer, Transmission, Nomination, Lien, Pledge, Duration of the Scheme, Mode of Holding, Borrowing and Underwriting

Please refer SAI for details.

Third party Cheques

Third party Cheques Investment/subscription made through third party cheque(s) will not be accepted for investments in the units of Nippon India Mutual Fund barring few exception issued by AMFI from time to time for the ‘third party payments’. For more details refer to SAI.

Multiple Bank accounts

The unit holder/ investor can register multiple bank account details under its existing folio by submitting separate form available on the website of the AMC at www.nipponindiamf.com. For more details refer to SAI.
Know Your Client (KYC) Norms

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/Cir-23/2011 dated December 02, 2011 and MIRSD/Cir-26/2011 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 November 10, 2016 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.

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) / Reliance Nippon Life Asset Management Limited (“the AMC”) / Karvy Fintech Private Limited (Karvy) 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 authority 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.

It may be noted that the requirement of submitting Form 60 as prescribed in the aforesaid notification is not applicable for investment in mutual fund units. For more details kindly refer SAI and FAQs on our website www.nipponindiamf.com

Investors are requested to note that pursuant to the direction issued by Hon’ble Supreme Court on March 13, 2018 in Writ Petition (Civil) no. 494/2012 and Notification No. 1/2018/F No. P.1201114/2017- ES Cell-DoR from Ministry of Finance (Department of Revenue) dated March 31, 2018 the effective date for mandatory submission of Aadhaar has been deferred till further notice.

C. PERIODIC DISCLOSURES

<table>
<thead>
<tr>
<th>Net Asset Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Half yearly Disclosures: Portfolio / Financial Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

(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 un-audited financial results on the website of the NIMF i.e. www.nipponindiamf.com and that of AMFI www.amfiindia.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.amfiindia.com

In case of unitholders whose e-mail addresses are registered, the Mutual Funds/ AMC shall send via email the half-yearly statement of scheme portfolio within 10 days from the close of each half-year 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.amfiindia.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.

### Annual Report

The scheme wise annual report shall be hosted on the website of the AMC and on the website of the AMFI soon as may be possible but not later than four months from the date of closure of the relevant accounting year. The AMC shall publish an advertisement every year in all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the scheme wise annual report on the website of the AMC.

The AMC shall email the annual report or an abridged summary thereof to the unitholders whose email addresses are registered with the Fund. The unitholders whose email addresses are not registered with the Fund are requested to update/provide their email address to the Fund for updating the database. Physical copy of scheme wise annual report or abridged summary shall be provided to investors who have opted to receive the same.

AMC shall provide a physical copy of the abridged summary of the annual report, without charging any cost, on specific request received from a unitholder.

As per regulation 56(3A) of the Regulations, copy of scheme wise Annual Report shall be also made available to unitholder on payment of nominal fees.

A link of the scheme annual report or abridged summary shall be displayed prominently on the website of RNAM i.e. at www.nipponindiamf.com.

### 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,

<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>Tax free</td>
<td>Tax free</td>
<td>Tax free</td>
</tr>
<tr>
<td>Dividend Distribution Tax on Grossed up value of Dividend</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Money market and Liquid schemes²</td>
<td>25% basic tax + surcharge + Health &amp; Education cess (as applicable⁴)</td>
<td>30% basic tax + surcharge + Health &amp; Education cess (as applicable⁴)</td>
<td>25% basic tax + surcharge + Health &amp; Education cess (as applicable⁴)</td>
</tr>
<tr>
<td>In Other schemes</td>
<td>25% basic tax + surcharge + Health &amp; Education cess (as applicable⁴)</td>
<td>30% basic tax + surcharge + Health &amp; Education cess (as applicable⁴)</td>
<td>25% basic tax + surcharge + Health &amp; Education cess (as applicable⁴)</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 Gain³</td>
<td>20% with indexation + Surcharge + Health &amp; Education cess (as applicable ⁴)</td>
<td>20% with indexation + Surcharge + Health &amp; Education cess (as applicable ⁴)</td>
<td>In case of Listed Mutual Fund Units 20% with indexation + Surcharge + Health &amp; Education cess (as applicable ⁴)</td>
</tr>
<tr>
<td>Short Term Capital Gain³</td>
<td>Will be taxed at the normal rates depending upon the slab of each individual + Surcharge + Health &amp; Education cess (as applicable ⁴)</td>
<td>30% + Surcharge + Health &amp; Education cess (as applicable ⁴)</td>
<td>In case of Non-Listed Mutual Fund Units &quot;10% without indexation + Surcharge + Health &amp; Education cess (as applicable ⁴)</td>
</tr>
</tbody>
</table>

¹: For FY 2019-20

²: In Money market and Liquid schemes

³: Long Term Capital Gain

⁴: As applicable

- **Capital Gain For FY 2019-20**
  - **Long Term Capital Gain³**
    - 20% with indexation + Surcharge + Health & Education cess (as applicable ⁴)
    - 20% with indexation + Surcharge + Health & Education cess (as applicable ⁴)
    - In case of Listed Mutual Fund Units 20% with indexation + Surcharge + Health & Education cess (as applicable ⁴)
    - In case of Non-Listed Mutual Fund Units "10% without indexation + Surcharge + Health & Education cess (as applicable ⁴)
<table>
<thead>
<tr>
<th>Securities Transaction Tax (STT)</th>
<th>Nil</th>
<th>Nil</th>
<th>Nil</th>
</tr>
</thead>
</table>

**Notes**

1. Equity oriented funds have 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;"

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

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

2. 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 crores</th>
<th>If income exceeds Rs. 2 crore but less than Rs. 5 crores</th>
<th>If income exceeds Rs. 5 crore but less than Rs. 10 crores</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.

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**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
Reliance Nippon Life Asset Management Limited (RNAM)
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

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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.

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

Example: If the applicable NAV is Rs. 10.00, sales/entry load 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.

**Rounding off policy for NAV**

Net Asset Value of the Units in the Scheme is calculated in the manner provided in this Scheme Information Document or as may be prescribed by Regulations from time to time. The NAV will be computed up to four decimal places.

**Policy on computation of NAV in case of investment in foreign securities**

The exchange gain / loss resulting from the foreign securities exchange rates conversion shall be recognized as unrealized exchange gain / loss in the books of the Scheme on the day of valuation. Further, the exchange gain / loss resulting from the settlement of assets / liabilities denominated in foreign currency shall be recognized as realized exchange gain /loss in the books of the scheme on the settlement of such assets / liabilities for NAV computation. For further detail on valuation of foreign securities, please refer SAI.
IV - FEES AND EXPENSES

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

A. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc.

Being an ongoing Scheme details as regard NFO expenses have not been provided herein.

B. ANNUAL SCHEME RECURRING EXPENSES

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:

The scheme shall be considered as a debt oriented interval scheme, thus Total Expense Ratio (TER) shall be charged as specified under Regulation 52 (6)(d) (ii) of the SEBI (MF) Regulations.

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

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

(# Expenses including listing fees 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.)

<table>
<thead>
<tr>
<th>Illustration – Impact of Expense Ratio on the Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value of Rs 1 lac on 12% annual returns in 1 year, considering 1% Expense Ratio</strong></td>
</tr>
<tr>
<td>Amount Invested</td>
</tr>
<tr>
<td>NAV at the time of Investment</td>
</tr>
<tr>
<td>No of Units</td>
</tr>
<tr>
<td>Gross NAV at end of 1 year (assuming 12% annual return)</td>
</tr>
<tr>
<td>Expenses (assuming 1% Expense Ratio on average of opening and closing NAV)</td>
</tr>
<tr>
<td>Actual NAV at end of 1 year post expenses (assuming Expense Ratio as above)</td>
</tr>
<tr>
<td>Value of Investment at end of 1 year (Before Expenses)</td>
</tr>
<tr>
<td>Value of Investment at end of 1 year (After Expenses)</td>
</tr>
</tbody>
</table>

**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 and are subject to change inter-se as per actual 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.

Direct Plan shall 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 RNAM’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 investors and cities 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 utilised 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;

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 the percentage of the daily net assets or such maximum limits as may be specified by SEBI Regulations from time to time.

The recurring expenses incurred in excess of the limits specified by SEBI (MF) Regulations will be borne by the AMC or by the Trustee or the Sponsor.

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 call Customer Service Centre 1800-266-0111 (charges applicable), and Investors outside India can call at 91-22-68334800 (charges applicable) or your distributor.

i. Entry Load - Not Applicable

ii. Exit Load

a. During the specified transaction period : Nil

b. Other than specified transaction period : Not Applicable.

W.E.F. October 01, 2012, Exit Load If charged to the scheme shall be credited to the scheme immediately net of Goods & Service Tax, if any.

The Units under the respective scheme(s) cannot be directly redeemed with the Fund as the units will be listed on the Stock Exchange(s). These units can be sold on a continuous basis on the Stock Exchange(s) where the units are listed during the trading hours on all trading days.

The AMC reserves the right to change/ alter the “Specified Transaction Period” and/or “Load Structure” depending upon the prevailing market conditions and in the interest of the unit holders.
iii. Inter scheme Switch - At the applicable load in the respective Schemes.

iv. Inter Plan/Inter Option Switch

a) Switch of Investments made with ARN code, from Other than Direct Plan to Direct Plan of a Scheme shall be subject to applicable exit load, if any.

b) No Exit Load shall be levied for Switch of Investments made without ARN code, from Other than Direct Plan to Direct Plan of the Scheme or vice versa.

Entry Load
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
Pursuant to SEBI circular No.SEBI/IMD/CIR No. 14/120784/08 dated March 18, 2008, with effect from April 1, 2008, no entry load or exit load shall be charged in respect of bonus units and of units allotted on reinvestment of dividend.

The investor is requested to check the prevailing load structure of the scheme before investing. For any change in load structure RNAM will issue an addendum and display it on our website www.nipponindiamf.com or Investor Service Centres.

Any imposition or enhancement in the load shall be applicable on prospective investments only. However, AMC shall not charge any load on issue of bonus units and units allotted on reinvestment of dividend for existing as well as prospective investors. At the time of changing the load structure, the mutual funds may consider the following measures to avoid complaints from investors about investment in the schemes without knowing the loads:

i. The addendum detailing the changes may be attached to Scheme Information Documents and key information memorandum. The addendum may be circulated to all the distributors/brokers so that the same can be attached to all Scheme Information Documents and key information memoranda already in stock.

ii. Arrangements may be made to display the addendum in the Scheme Information Document in the form of a notice in all the investor service centres and distributors/brokers office.

iii. The introduction of the exit load along with the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such load.

iv. A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.

v. Any other measures which the mutual funds may feel necessary.

The investor is requested to check the prevailing load structure of the scheme before investing.

For any change in load structure RNAM will issue an addendum and display it on the website/Investor Service Centres.

D. WAIVERS 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, RNAM/ 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 per 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.
VI - PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

1. 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

2. 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 Reliance Nippon Life Asset Management Limited –Portfolio Management Services (RNAM-PMS) with SEBI with respect to an inspection report, SEBI has issued a settlement order (Order no. CA/EFD/87/JAN/2016 dated January 14, 2016), in terms of which the underlying proceedings have been disposed off.

3. 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 were no 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.

4. 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.

5. 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.

   There was no 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.

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
RELIANCE NIPPON LIFE ASSET MANAGEMENT LIMITED
[Asset Management Company for Nippon India Mutual Fund]

Sd/-
Mumbai
October 31, 2019

Executive Director & Chief Executive Officer
(Sundeep Sikka)