

# SCHEME INFORMATION DOCUMENT

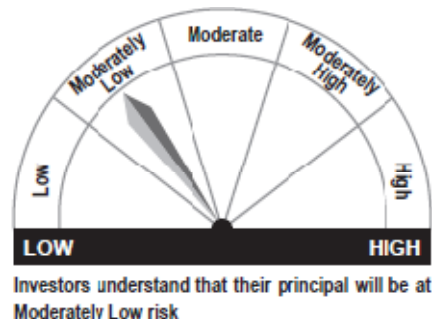
## UTI Ultra Short Term Fund

(Formerly known as UTI-Floating Rate Fund)

(An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months (Please refer to page no.16 of SID on which the concept of Macaulay duration has been explained))

**This product is suitable for investors who are seeking\***

- Reasonable income with low volatility over short term
- Investment in debt & money market instruments
- **RISKOMETER**



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

**UTI Mutual Fund**

**UTI Asset Management Company Limited**

**UTI Trustee Company Private Limited**

**Address of the Mutual Fund, AMC and Trustee Company:** UTI Tower, Gn Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

Website: [www.utimf.com](http://www.utimf.com)

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

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 / UTI Financial Centres (UFCs) / Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of UTI Mutual Fund, Tax and Legal issues and general information on [www.utimf.com](http://www.utimf.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 UTI Financial Centre or log on to our website.**

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

This Scheme Information Document is dated May 9, 2018.

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**Highlights**

<b>Category of Scheme</b>	Ultra Short Duration Fund
<b>Investment Objective</b>	The investment objective of the scheme is to generate reasonable income with low volatility through investment in a portfolio comprising of debt & money market instruments.  However there can be no assurance that the investment objective of the Scheme will be achieved. The Scheme does not guarantee / indicate any returns.
<b>Benchmark</b>	CRISIL Ultra Short Term Debt Index
<b>Transparency / NAV Disclosure</b>	NAV will be declared on every business day.
<b>Loads</b>	<b>Entry Load : NIL</b> <b>Exit Load : NIL</b>
<b>Liquidity</b>	The scheme will offer subscription and redemption of units on every business day on an ongoing basis. Purchase and Redemption under the scheme will be open throughout the year except during the book closure period/s not exceeding 15 days in a year or such period as may be prescribed by SEBI from time to time.
<b>Plans and Options Available</b>	<p><b>Regular Plan</b> <b>Direct Plan*</b></p> <p>Both the plans offers following options:</p> <ul style="list-style-type: none"> <li>(a) Growth Option</li> <li>(b) Daily Dividend Reinvestment Option</li> <li>(c) Weekly Dividend Reinvestment Option</li> <li>(d) Fortnightly Dividend Option**</li> <li>(e) Monthly Dividend Option**</li> <li>(f) Quarterly Dividend Option**</li> <li>(g) Half Yearly Dividend Option**</li> <li>(h) Annual Dividend Option**</li> <li>(i) Flexi Dividend Option**</li> </ul> <p>** with both payout and reinvestment facilities</p> <p>Default option will be Growth Option.</p> <p><b>*Details for Direct Plan:</b> Direct Plan is only for investors who purchase/subscribe units directly with the Fund and is not available for investors who route their investments through a Distributor.</p> <p>All categories of Investors (whether existing or new Unitholders) as permitted under this SID are eligible to subscribe under Direct Plan. Investments under the Direct Plan can be made through various modes (except all Platform(s) where investor's applications for subscription of units are routed through Distributors).</p> <p>The Direct plan will be a separate plan under the Scheme and shall have a lower expense ratio excluding distribution expenses, commission etc and will have a separate NAV. No commission shall be paid / charged from Direct Plan.</p> <p>Portfolio of the Scheme under the Regular Plan and Direct Plan will be common</p> <p><b>How to apply:</b> Investors subscribing under Direct Plan of UTI Ultra Short Term Fund will have to indicate "Direct Plan" against the Scheme name in the application form, as for example. "UTI</p>

	<p>Ultra Short Term Fund - Direct Plan".</p> <p><b>Treatment of applications under "Direct" / "Regular" Plans:</b></p> <table border="1" data-bbox="397 262 1463 562"> <thead> <tr> <th>Scenario</th> <th>Broker Code mentioned by the investor</th> <th>Plan mentioned by the investor</th> <th>Default Plan to be captured</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Not mentioned</td> <td>Not mentioned</td> <td>Direct Plan</td> </tr> <tr> <td>2</td> <td>Not mentioned</td> <td>Direct</td> <td>Direct Plan</td> </tr> <tr> <td>3</td> <td>Not mentioned</td> <td>Regular</td> <td>Direct Plan</td> </tr> <tr> <td>4</td> <td>Mentioned</td> <td>Direct</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</td> <td>Direct Plan</td> </tr> <tr> <td>7</td> <td>Mentioned</td> <td>Regular</td> <td>Regular Plan</td> </tr> <tr> <td>8</td> <td>Mentioned</td> <td>Not Mentioned</td> <td>Regular Plan</td> </tr> </tbody> </table> <p>In cases of wrong/ invalid/ incomplete ARN codes mentioned in the application form under scenarios 7 or 8 above, the application shall be processed under 'Regular Plan'. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under 'Direct Plan' from the date of application without any exit load.</p>	Scenario	Broker Code mentioned by the investor	Plan mentioned by the investor	Default Plan to be captured	1	Not mentioned	Not mentioned	Direct Plan	2	Not mentioned	Direct	Direct Plan	3	Not mentioned	Regular	Direct Plan	4	Mentioned	Direct	Direct Plan	5	Direct	Not Mentioned	Direct Plan	6	Direct	Regular	Direct Plan	7	Mentioned	Regular	Regular Plan	8	Mentioned	Not Mentioned	Regular Plan
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<p><b>Minimum Amount of Initial Investment</b></p>	<p>Minimum amount of initial investment is ₹5,000/- and in multiples of ₹1/- thereafter under both the Plans and Options.</p>																																				

## I. INTRODUCTION

### A. RISK FACTORS

#### Standard Risk Factors

1. Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
2. As the price / value / interest rates of the securities in which the scheme invests fluctuate, the value of your investment in the scheme may go up or down.
3. Past performance of the Sponsors/AMC/Mutual Fund does not guarantee future performance of the scheme.
4. The name of the scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns.
5. The sponsors are not responsible or liable for any loss resulting from the operation of the scheme beyond the initial contribution of ₹10,000/- made by them towards setting up the Fund.
6. The present scheme is not guaranteed or assured return scheme.
7. Statements/Observations made in this Scheme Information Document are subject to the laws of the land as they exist at any relevant point of time.
8. Growth, appreciation, dividend and income, if any, referred to in this Scheme Information Document are subject to the tax laws and other fiscal enactments as they exist from time to time.
9. The NAV of the Scheme may be affected by changes in the general market conditions, factors and forces affecting capital market, in particular, level of interest rates, various market related factors and trading volumes, settlement periods and transfer procedures.
10. As with any investment in securities, the NAVs of the Units issued under the Scheme can go up or down depending on various factors that may affect the values of the Scheme's investments. In addition to the factors that affect the value of individual securities, the NAVs of the Scheme can be expected to fluctuate with movements in the broader bond markets and may be influenced by factors affecting bond markets in general, such as, but not limited to, changes in interest rates, changes in governmental policies and increased volatility in the bond and money markets.
11. Investors may note that AMC/Fund Manager's investment decisions may not always be profitable, even though it is intended to maximise the returns by actively investing in equity/equity related securities.
12. **Credit Risk:** Bonds/debentures as well as other money market instruments issued by corporates run the risk of down grading by the rating agencies and even default as the worst case. Securities issued by Central/State governments have lesser to zero probability of credit / default risk in view of the sovereign status of the issuer.
13. **Interest-Rate Risk:** Bonds/ Government securities which are fixed return securities, run price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The level of interest rates is determined by the rates at which government raises new money through RBI, the price levels at which the market is already dealing in existing securities, rate of inflation etc. The extent of fall or rise in the prices is a function of the prevailing coupon rate, number of days to maturity of a security and the increase or decrease in the level of interest rates. The prices of Bonds/ Government securities are also influenced by the liquidity in the financial system and/or the open market operations (OMO) by RBI. Pressure on exchange rate of the rupee may also affect security prices. Such rise and fall in price of bonds/ government securities in the portfolio of the scheme may influence the NAVs under the scheme as and when such changes occur.
14. **Liquidity Risk:** The Indian debt market is such that a large percentage of the total traded volumes on particular days might be concentrated in a few securities. Traded volumes for particular securities differ significantly on a daily basis. Consequently, the fund might have to incur a significant "impact cost" while

transacting large volumes in a particular security. The scheme would aim to invest in a higher proportion of liquid and traded debt instruments including Government Securities. As the Indian Debt market is characterised by high degree of illiquidity, the proposed aggregate holding of assets considered "illiquid", including debt securities (for which there is no active established market), could be more than 10% of the value of the net assets of the scheme.

15. **Re-investment 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 re-invested. The additional income from re-investment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be re-invested may be lower than that originally assumed.
16. **Money Market Securities** are subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer.
17. **Securities Lending:** It is one of the means of earning additional income for the scheme with a lesser degree of risk. The risk could be in the form of non-availability of ready securities for sale during the period the securities remain lent. The scheme would be exposed to risk through the possibility of default by the borrower/intermediary in returning the securities. However, the risk would be adequately covered by taking in of suitable collateral from the borrower by the intermediary involved in the process. The scheme will have a lien on such collateral. They will also have other suitable checks and controls to minimise any risk involved in the securities lending process.
18. **Investment in overseas markets:** The success of investment in overseas markets depends upon the ability of the fund manager to understand conditions of those markets and analyse the information which could be different from Indian markets. Operations in foreign markets would be subject to exchange rate fluctuation risk besides market risks of those markets.
19. Government securities where a fixed return is offered, run price-risk like any other fixed income security. When interest rates decline, the value of a portfolio of fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income securities can be expected to decline. The extent of such fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. The new level of interest rate is determined by the rates at which government raises new money and / or the price levels at which the market is already dealing in the existing securities. However, Government securities are unique in the sense that their credit risk always remains zero.
20. As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or a restructuring of the Scheme. In view of the above, the Trustee has the right, at its sole discretion, to limit redemptions (including suspending redemptions) under certain circumstances, as described under the title "Right to Limit Redemptions" in the SAI.
21. Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger amount of liquidity risks, 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.
22. As the portfolio will primarily consist of debt securities, investing in the Scheme will involve certain specific risks and special considerations in addition to those normally associated with making investments in securities. There can be no assurance that the Scheme can achieve its objectives.
23. The NAVs of the units of the Scheme, to the extent that the scheme is invested in debt and money market securities (also referred to as fixed income securities) will be affected by changes in the general level of interest rates. When interest rates decline, the value of a portfolio of fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income securities can be expected to decline.
24. Debt securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). Debt securities 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 Investment Manager will place considerable emphasis on the credit rating of the issuer and therefore will only invest in securities that are rated investment grade by a regulated credit rating agency such as CRISIL, ICRA, CARE etc, or in unrated debt securities, which the Investment Manager believes to be of equivalent quality. Market risk will be addressed by analysing various economic trends in order to seek to determine the likely future course of interest rates. While it is the intent of the Investment Manager to invest primarily in highly rated debt securities, the Scheme may from time to time invest in higher yielding, lower rated securities. This would enhance the degree of risk.

25. Lower rated or unrated securities are more likely to react to developments affecting the market and the credit risk than the highly rated securities, which react primarily to movements in the general level of interest rates. Lower rated securities also tend to be more sensitive to economic conditions than higher rated securities. The Investment Manager will consider both credit risk and market risk in making investment decisions.
26. Zero coupon or deep discount bonds are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity of a specified date when the securities begin paying current interest and therefore are generally issued and traded at a discount to their face values. The discount depends on the time remaining until maturity or the date when securities begin paying current interest. It also varies depending on the prevailing interest rates, liquidity of the security and the perceived credit risk of the issuer. The market prices of zero coupon securities are generally more volatile than the market prices of securities that pay interest rates periodically and are likely to respond to changes in interest rates to a greater degree than other coupon bearing securities having similar maturities and credit quality.
27. As zero coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rate hence the risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.
28. The credit risk factors pertaining to lower rated securities also apply to lower rated zero coupon or deferred interest bonds. Such bonds carry an additional risk in that, unlike bonds that pay interest throughout the period to maturity, the Scheme would not realise any cash until interest payment on the bonds commence and if the issuer defaults the Scheme may not obtain any return on its investment.
29. The value of the Scheme's investments may be affected generally by factors affecting capital markets such as price and volume volatility in the stock markets interest rates, currency exchange rates, foreign investments, changes in Government policies, taxation, political, economic or other developments and closure of the stock exchanges. There is also risk of loss due to lack of adequate external systems for transferring, pricing, accounting and safekeeping or record keeping of securities. Consequently the NAV of the Scheme may fluctuate and the value of the Units may go down as well as up.
30. Except for any security of an associate or group company, the Scheme has the power to invest in securities which are not quoted on a stock exchange ("unlisted securities") which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market and there can be no assurance that the Scheme will realise their investments in unlisted securities at a fair value.
31. The liquidity of the investments by the Scheme may be restricted by trading volumes, settlement periods and transfer procedures. The inability to sell the money market or debt securities due to the absence of a well developed and liquid secondary market for such securities, may result at times in losses to the Scheme, should there be a subsequent decline in the value of such securities until the time at which they are sold.
32. From time to time subject to the SEBI Regulations, the Sponsors, the mutual funds managed by them, their affiliates/associates and the AMC, Trustee Company or any other unitholder may invest either directly or indirectly in the Scheme. These entities may acquire a substantial portion of the Units and may collectively constitute a major investor in the Scheme. Accordingly, redemption of Units held by these entities may have an adverse impact on the value of the Units of the Scheme because the timing of such redemptions by such an investor may impact the ability of other Unit holders to redeem their respective

Units. As per the SEBI Regulations, in case the AMC invests in the Scheme, it shall not be entitled to charge any fees on its investment.

**33. Trading in debt derivatives involves certain specific risks like:**

- a. Credit Risk: This is the risk on default by the counter party. This is usually to the extent of difference between actual position and contracted position. This risk is substantially mitigated where derivative transactions happen through clearing corporation.
- b. Market Risk: Market movement may also adversely affect the pricing and settlement of derivative trades like cash trades.
- c. Illiquidity Risk: The risk that a derivative may not be sold or purchased at a fair price due to lack of liquidity in the market.
- d. An exposure to derivatives can lead to losses. Success of dealing in derivatives depends on the ability of the Fund Manager to correctly assess the future market movement and in the event of incorrect assessment, if any, performance of the scheme could be lower.
- e. Interest Rate Swaps (IRSs) and Forward Rate Agreements (FRAs) do also have inherent credit and settlement risks. However, these risks are substantially less as they are limited to the interest stream and not for the notional principal amount.
- f. Participating in derivatives is a highly specialised activity and entails greater than ordinary investment risks. Notwithstanding such derivatives being used for limited purpose of hedging and portfolio balancing, the overall market in these segments could be highly speculative due to the action of other participants in the market.
- g. 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.
- h. 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.

34. The scheme would aim to invest in a higher proportion of liquid and traded debt instruments including Government Securities. As the Indian Debt market is characterised by high degree of illiquidity, the proposed aggregate holding of assets considered "illiquid", including debt securities (for which there is no active established market), could be more than 10% of the value of the net assets of the scheme.

35. In the event of receipt of inordinately large number of redemption requests or of a restructuring of the Schemes portfolio, there may be delay in the redemption of units.

**36. Risk factors on investment in Derivative Instruments**

The Scheme may use various derivative products, from time to time, in an attempt to protect the value of the portfolio and enhance Unit holders' interest. Derivative products are specialised 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, without the benefit of observing the performance of the derivative under all possible market conditions. Other risks include, the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices

Some of the risks associated with Interest Rate Swaps (IRS) and Forward Rate Agreements (FRAs) are as below:



(i) Counter party Risk: This refers to the risk of credit and settlement. Specifically it refers to the event that the counter party in the IRS/FRA deal is unable to meet its commitment and defaults on its obligations.

(ii) Basis Risk: Basis risk is the risk of mismatch i.e. the risk that arises when the underlying asset / liability is not perfectly correlated with the derivative position.

**For Floating Rate Instruments** - During the life of a floating rate security or a swap, the underlying benchmark index may become less active and may not capture the actual movement in interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio.

(iii) Liquidity Risk: This refers to the risk associated with the ease with which a derivative position can be unwound.

**For Floating Rate Instruments** - Due to the evolving nature of the floating rate market, there may be an increased risk of liquidity risk in the portfolio from time to time. In case of downward movement of interest rates, floating rate debt instruments will give a lower return than fixed rate debt.

37. **Risk Factors of investment in Overseas Financial Assets**

**Currency Risk:**

Moving from Indian Rupee (INR) to any other currency entails currency risk. To the extent that the assets of the scheme 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 those foreign currencies relative to the Indian Rupee (If Indian rupee appreciates / depreciates 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 investments.

**Interest Rate Risk:**

The pace and movement of interest rate cycles of various countries, though loosely co-related, can differ significantly. Hence by investing in securities of countries other than India, the Scheme could be exposed to their interest rate cycles.

**Credit Risk:**

The credit though existent is substantially reduced since the regulations stipulate investments only in papers rated AAA by reputed international rating agencies such as S&P, Moody's , Fitch etc . To manage risks associated with foreign currency and interest rate exposure, the Mutual 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.

38. The value of the investments of the scheme may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the NAV of the units of the Scheme may fluctuate and can go up or down.
39. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The inability of a Scheme to make intended securities purchases due to settlement problems could also cause the Scheme to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the Scheme's portfolio due to the absence of a well developed and liquid secondary market for debt securities would result, at times, in potential losses to the Scheme, in case of a subsequent decline in the value of securities held in the Scheme's portfolio.
40. 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. Within the regulatory limits, the AMC may

choose to invest in unlisted securities that offer attractive yields. This may however increase the risk of the portfolio.

41. A derivative instrument, broadly, is a financial contract whose payoff structure is determined by the value of an underlying security, index, interest rate etc. Thus a derivative instrument derives its value from some underlying variable. The Scheme may use various derivative products as permitted by the Regulations. Use of derivatives requires an understanding of not only the underlying instrument but also of the derivative itself. Other risks include, the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Usage of derivatives will expose the Scheme to certain risks inherent to such derivatives.
42. The Scheme may also invest in foreign debt securities as permitted by Reserve Bank of India and Securities and Exchange Board of India. To the extent that some part of the assets of the scheme may 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 other restrictions on investment.
43. The scheme intends to deploy funds in money market instruments to maintain liquidity. To the extent that some assets/funds are deployed in money market instruments, the scheme will be subject to credit risk as well as settlement risk, which might affect the liquidity of the scheme.
44. 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. For e.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA (SO) rated are comparatively less risky than bonds which are AA rated
45. **Risk Factors specific to investments in Securitised Papers:**

Asset securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. A typical process of asset securitisation involves sale of specific Receivables to a Special Purpose Vehicle (SPV) set up in the form of a trust or a company. The SPV in turn issues financial instruments (e.g., promissory notes, pass through certificates or other debt instruments) to investors, such instruments evidencing the beneficial ownership of the investors in the Receivables. The financial instruments are rated by an independent credit rating agency. An Investor's Agent is normally appointed for providing trusteeship services for the transaction.

Types of Securitised Debt vary and carry different levels and types of risks. Credit Risk on Securitised Bonds depends upon the Originator and varies depending on whether they are issued with Recourse to Originator or otherwise. A structure with Recourse will have a lower Credit Risk than a structure without Recourse. Underlying assets in Securitised Debt may assume different forms and the general types of receivables include Auto Finance, Credit Cards, Home Loans or any such receipts. Credit risks relating to these types of receivables depend upon various factors including macro economic factors of these industries and economies. Specific factors like nature and adequacy of property mortgaged against these borrowings, nature of loan agreement/ mortgage deed in case of Home Loan, adequacy of documentation in case of Auto Finance and Home Loans, capacity of borrower to meet its obligation on borrowings in case of Credit Cards and intentions of the borrower influence the risks relating to the asset borrowings underlying the securitised debt.

Holders of the securitised assets may have low credit risk with diversified retail base on underlying assets especially when securitised assets are created by high credit rated tranches, risk profiles of Planned Amortisation Class tranches (PAC), Principal Only Class Tranches (PO) and Interest Only class tranches (IO) will differ depending upon the interest rate movement and speed of prepayment. Various types of major risks pertaining to Securitised Papers are as below:

**Liquidity & Price risk**

Presently, secondary market for securitised papers is not very liquid. This could limit the ability of the investor to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.

**Delinquency and Credit Risk**

Securitized transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of a Obligor to repay his obligation, the Servicer may repossess and sell the underlying Asset. However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

**Prepayment Risk**

Asset securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. Full prepayment of underlying loan contract may occur during the tenure of the paper. In the event of prepayments, investors may be exposed to changes in tenor and reinvestment risk.

**Risk factors and mitigation measures-**

**1) Illiquidity Risk**

The repo market for corporate debt securities is over the counter (OTC) and illiquid. Hence, repo obligations cannot be easily sold to other parties.

Therefore, to mitigate such risks, it has been stipulated that gross exposure to Repo in corporate bonds would be limited to 10% of net assets of the scheme. Further, the tenor of repo would be taken based on nature and unit holders' pattern of the scheme.

**2) Counter-party risk**

Credit risk would arise if the counter-party fails to repurchase the security as contracted or if counterparty fails to return the security or interest received on due date. To mitigate such risks, the scheme shall carry out repo transactions with only those counterparties, which has a credit rating of 'A1+' or 'AA- and above'. In case of lending of funds as a repo buyer, minimum haircuts on the value of the collateral security have been stipulated, and we would receive the collateral security in the scheme's account before the money is lent to the counter-party. Overall, we would have a limited number of counter-parties, primarily comprising of Mutual Funds, Scheduled Commercial banks, Financial Institutions and Primary dealers.

Similarly, in the event of the scheme being unable to pay back the money to the counterparty as contracted, the counter-party may hurriedly dispose of the assets (as they have sufficient margin) and the net proceeds may be refunded to the Scheme. Thus, the Scheme may suffer losses in such cases. Sufficient funds flow management systems are in place to mitigate such risks.

**3) Collateral Risk (as a repo buyer)**

Collateral risks arise due to fall in the value of the security (change in credit rating and/or interest rates) against which the money has been lent under the repo arrangement. To mitigate such risks, we have stipulated the minimum credit rating of the issuer of collateral security ('AA' for long-term instruments / A1+ for money market instruments), maximum duration of the collateral security (10 years) and minimum haircuts on the value of the security.

**46. SCHEME SPECIFIC RISK FACTORS**

**a) Price-Risk or Interest Rate Risk**

Fixed income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.

Floating rate debt instruments, on account of periodical interest rate reset, carry a lower interest rate risk as compared to fixed rate debt instruments. Consequently in a downward interest rate scenario the returns on floating rate debt instruments may not be better than those on fixed rate debt instruments.

**b) Spread Risk**

In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However, depending upon the market conditions, the spreads may move adversely or favourably leading to fluctuation in the NAV.

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

The Scheme / Plans shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme / Plans. The two conditions shall be complied within each calendar quarter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25% limit. Failure on the part of the said investor to redeem his exposure over the 25% limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

**C. DEFINITIONS**

In the scheme unless the context otherwise requires:

1. "Acceptance date" or "date of acceptance" with reference to an application made by an applicant to the UTI Asset Management Company Ltd. (UTI AMC) for purchase or redemption/changeover/switchover of units means the day on which the UTI Financial Centres (UFCs)/Registrar or the official points of acceptance as per the list attached with this Scheme Information Document or notified hereafter, after being satisfied that such application is complete in all respects, accepts the same;
2. "Accounting Year" of UTI Mutual Fund is from April to March;
3. "Act" means the Securities and Exchange Board of India Act, 1992, (15 of 1992) as amended from time to time;
4. "Alternate applicant" in case of a minor means the parent/step-parent/court guardian who has made the application on behalf of the minor.
5. "AMFI" means Association of Mutual Funds in India.
6. "Applicable NAV" unless stated otherwise in the Scheme Information Document, Applicable NAV for the respective plans is the Net Asset Value as of the Day as of which the purchase or redemption is sought by the Investor and determined by the Fund.
7. "Applicant" means an investor who is eligible to participate in the scheme and who is not a minor or a mentally handicapped person and shall include the alternate applicant mentioned in the application form.
8. "Asset Management Company/UTI AMC/AMC/Investment Manager" means the UTI Asset Management Company Limited incorporated under the Companies Act, 1956 (1 of 1956) [replaced by The Companies Act, 2013 (No.18 of 2013)] and approved as such by Securities and Exchange Board of India (SEBI) under sub-regulation (2) of Regulation 21 to act as the Investment Manager to the scheme of UTI Mutual Fund.
9. "Bank refers to both scheduled and non-scheduled commercial banks which are regulated under Banking Regulation Act, 1949.
  - (a) Scheduled Commercial Banks are grouped under following categories:
    - (i) State Bank of India and its Associates
    - (ii) Nationalised Banks
    - (iii) Foreign Banks

- (iv) Regional Rural Banks
- (v) Other Scheduled Commercial Banks.
- (b) Non-Scheduled Commercial Banks

**Note:** Banks in the groups (i) & (ii) above are known as public sector banks whereas, other scheduled commercial banks mentioned at group (v) above are known as private sector banks.

Bank does not include Urban Co-operative Banks and NBFCs.

10. "Body Corporate" or "Corporation" includes a company incorporated outside India but does not include (a) a corporation sole, (b) a co-operative society registered under any law relating to co-operative societies and (c) any other body corporate (not being a company as defined in this Act), which the Central Government may, by notification in the Official Gazette, specify in this behalf.
11. "Book Closure" is a period when the register of unit holders is closed for all transactions viz. Purchases, redemptions, changeover, switchover etc. such Book Closure period will not exceed 15 days in a year.
12. "Business Day" means a day other than (i) Saturday and Sunday or (ii) a day on which the principal stock exchange with reference to which the valuation of securities under a scheme / plan is done is closed, or the Reserve Bank of India or banks in Mumbai are closed for business, or (iii) a day on which the UTI AMC offices in Mumbai remain closed or (iv) a day on which purchase and redemption/changeover/switchover of unit is suspended by the Trustee or (v) a day on which normal business could not be transacted due to storm, floods, bandhs, strikes or such other events as the AMC may specify from time to time or (v) a day on which the concerned office of the investment advisor is closed.  
The AMC reserves the right to declare any day as a Business day or otherwise at any or all Official Points of Acceptance.
13. "Charitable purpose" includes relief for the poor, education, medical relief and the advancement of any other object of general public utility not involving carrying on of any activity for profit.
14. "Custodian" means a person who has been granted a certificate of registration to carry on the business of custodian under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996, and who may be appointed for rendering custodian services for the Scheme in accordance with the Regulations.
15. "Dividend" means income distributed by the Scheme on the Units.
16. "Distributable surplus" means the Gains that has been realised on a marked to market basis and is carried forward to the balance sheet at market value, arising out of appreciation on investments which is readily available for distribution to the unit holders as Income.
17. "Educational Trust" means any Trust established under any law for the time being in force (not being a Private Trust) for the purposes of contributing towards education both mental and physical.
18. "Eligible Trust" means - (i) a trust created by or in pursuance of the provisions of any law which is for the time being in force in any State, or (ii) a trust, the properties of which are vested in a treasurer under the Charitable Endowments Act 1890 (Act 6 of 1890), or (iii) a religious or charitable trust which is administered or controlled or supervised by or under the provisions of any law, which is for the time being in force relating to religious or charitable trusts or, (iv) any other trust, being an irrevocable trust, which has been created for the purpose of or in connection with the endowment of any property or properties for the benefit or use of the public or any section thereof, or (v) a trust created by a will which is valid and has become effective, or (vi) any other trust, being an irrevocable trust, which has been created by an instrument in writing and includes 'depository' within the meaning of Clause (e) of Sub-section (1) of Section 2 of The Depository Act, 1996.
19. "FPI" Foreign Portfolio Investor, as defined under Regulation 2(1)(h) of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014;
20. "Firm", "partner" and "partnership" have the meanings assigned to them in the Indian Partnership Act, 1932 (9 of 1932), but the expression "partner" shall also include any person who being a minor is admitted to the benefits of the partnership.

21. "Fixed Income Securities" Debt Securities created and issued by, inter alia, the Central Government, a State Government, Local Authorities, Municipal Corporations, PSUs, Public Companies, Private Companies, Bodies Corporate, Unincorporated SPVs and any other entities which may be recognised / permitted, which yield a fixed rate by way of interest, premium, discount or a combination of any of them.
22. Floating Rate Debt Instruments - are debt securities issued by the Central and/or a State Government, Corporates or PSUs or other eligible issuers with interest rates that are reset periodically. The periodicity of the interest reset could be daily, monthly, quarterly, half-yearly, annually or any other periodicity that may be mutually agreed between the issuer and the fund. The interest on such instruments may also be in the nature of fixed basis points over the benchmark gilt yields or other approved benchmarks yields such as MIBOR etc.
23. "Fund Manager" means the manager appointed for the day-to-day management and administration of a scheme.
24. Government securities or Gilts - Security created and issued by the Central Government and / or a State Government or any other security prescribed as a Government Security under the Public Debt Act, 1944.
25. "Investment Management Agreement or IMA" means the Investment Management Agreement (IMA) dated December 9, 2002, executed between UTI Trustee Company Private Limited and UTI Asset Management Company Limited.
26. "Investor Service Centre" such offices as are designated as Investor Service Centre (ISC) by the AMC from time to time.
27. "Load" is a charge that may be levied as a percentage of NAV at the time of exiting from the Scheme.
28. "Mutual Fund" or "Fund" or "UTIMF" means UTI Mutual Fund, a Trust under the Indian Trust Act, 1882 registered with SEBI under registration number MF/048/03/01 dated January 14, 2003.
29. "NAV" means Net Asset Value per Unit of the Scheme and the Plans / Options therein, calculated in the manner provided in this Scheme Information Document and in conformity with the SEBI Regulations as prescribed from time to time.
30. "Net distributable income" means income after charging all expenses, contributions, prior years adjustments and all provisions, whether charged to revenue account or not.
31. "Non-profit making companies" shall mean companies set up under the Companies Act, 1956/Companies Act 2013.
32. **"Non-Resident Indian (NRI)"/"Person of Indian origin(PIO)"** shall have the meaning as defined under Foreign Exchange Management (Deposit) Regulations, 2016 (FEMA Regulation 2016) framed by Reserve Bank of India under Foreign Exchange Management Act, 1999. As per FEMA Regulation 2016 : 'Non-Resident Indian (NRI)' means a person resident outside India who is a citizen of India.' 'Person of Indian Origin (PIO)' means a person resident outside India who is a citizen of any country other than Bangladesh or Pakistan or such other country as may be specified by the Central Government, satisfying the following conditions: a) Who was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or b) Who belonged to a territory that became part of India after the 15th day of August, 1947; or c) Who is a child or a grandchild or a great grandchild of a citizen of India or of a person referred to in clause (a) or (b); or d) Who is a spouse of foreign origin of a citizen of India or spouse of foreign origin of a person referred to in clause (a) or (b) or (c) Explanation: for the purpose of this sub-regulation, the expression 'Person of Indian Origin' includes an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955.'
33. "Number of units deemed to be in issue" means the aggregate of the number of units issued and still remaining outstanding.
34. "Official points of acceptance" UTI Financial Centres (UFCs), Offices of the Registrars of the Scheme and any other authorized center as may be notified by UTI AMC from time to time are the official points of acceptance of purchase/changeover/swithover and redemption applications of the scheme. The cut off time as mentioned in this Scheme Information Document will be applicable at these official points of acceptance. The list of official points of acceptance is attached with this Scheme Information Document.

For purchase, redemption, switchover or changeover of units applications received at any authorised collection centers, which is not an official point of acceptance, the cut off time at the official point of acceptance alone, will be applicable for determination of NAV.

35. "Public Sector undertaking" A Sector Undertaking (PSU) means a company in which not less than fifty-one per cent of the paid-up share capital is held by either the Central Government, or by any State Government (s) or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government company as thus defined. or A PSU is a company in which the Central Government or one or more State Government (s) either singly or together, exercise control over management or exercise power to appoint majority of directors.
36. "RBI" means the Reserve Bank of India, constituted under the Reserve Bank of India Act, 1934.
37. "Record Date" means the date announced by the Fund for any benefits like dividends etc. The person holding the units as per the records of UTI AMC/Registrars, on the record date are eligible for such benefits.
38. "Registered Society" shall mean a society registered under the Societies Registration Act of 1860.
39. "Registrars" means a person whose services may be retained by UTI AMC to act as the Registrar under the scheme, from time to time.
40. "Regulations" or "SEBI Regulations" mean the SEBI (Mutual Funds) Regulations, 1996 as amended or re-enacted from time to time.
41. "Repo / Reverse Repo" Sale/purchase of Securities with simultaneous agreement to repurchase / resell them at a later date.
42. "Scheme Information Document" this document issued by UTI Mutual Fund offering units of scheme covered under this document for subscription.
43. "Scheme" means UTI Ultra Short Term Fund.
44. "SEBI" means the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992).
45. "Society" means a society established under the Societies Registration Act of 1860 (21 of 1860) or any other society established under any State or Central law for the time being in force.
46. "Sponsors" are Bank of Baroda, Life Insurance Corporation of India, Punjab National Bank, and State Bank of India;
47. Switchover - Redemption of Units in one Scheme (including Plans / Options therein) against purchase of Units in another Scheme wherever permissible.
48. "Time" all time referred to in the Scheme Information Document stands for Indian Standard Time.
49. "Trust Deed" means the Trust Deed dated December 9, 2002 of UTI Mutual Fund.
50. "Trustee" means UTI Trustee Company Private Limited, a company set up under the Companies Act, 1956 [replaced by The Companies Act, 2013 (No.18 of 2013)] and approved by SEBI to act as the Trustee to the scheme of UTI Mutual Fund.
51. "Unit" means the interest of the unitholders in a scheme, which consists of each unit representing one undivided share in the assets of a scheme.
52. "Unit Capital" means the aggregate of the face value of units issued under the scheme/plan and outstanding for the time being.
53. "Unitholder" means a person holding units in the scheme of the Mutual Fund.

54. In this Scheme Information Document, unless the context otherwise requires, (i) the singular includes the plural and vice versa, (ii) reference to any gender includes a reference to all other genders, (iii) heading and bold typeface are only for convenience and shall be ignored for the purposes of interpretation.
55. In this Scheme Information Document, all references to “dollars” or “\$” refers to United States dollars, and “₹” Refers to Indian Rupees. A “crore” means “ten million” and a “lakh” means a “hundred thousand”.

56. **Concept of Macaulay duration :**

The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price. The Macaulay duration calculates the weighted average time before a bondholder would receive the bond's cash flows.

The Macaulay duration of the portfolio is essentially an average of the duration of bonds within the portfolio, accounting for what percentage of the total portfolio each bond represents.

The Macaulay duration of a zero-coupon bond would be equal to the bond's maturity

Macaulay duration can be calculated:

$$\text{Macaulay Duration} = \frac{\sum_{t=1}^n \frac{t * C}{(1+y)^t} + \frac{n * M}{(1+y)^n}}{\text{Current Bond Price}}$$

Where:

- t = respective time period
- C = periodic coupon payment
- y = periodic yield
- n = total number of periods
- M = maturity value
- Current Bond Price = Present value of cash flows

57. All other expressions not defined herein but defined in the Act/ Regulations shall have the respective meanings assigned to them by the Act/ Regulations.



**D. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

**Due Diligence Certificate submitted to SEBI for UTI Ultra Short Term Fund**

It is confirmed that:

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

Date: May 9, 2018  
Place: Mumbai

**Vivek Maheshwari**  
Compliance Officer

**II. INFORMATION ABOUT THE SCHEME**

**A. TYPE OF THE SCHEME**

UTI Ultra Short Term Fund is an open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months (Please refer to page no.16 of SID on which the concept of Macaulay duration has been explained).

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

The investment objective of the scheme is to generate reasonable income with low volatility through investment in a portfolio comprising of debt & money market instruments.

However there can be no assurance that the investment objective of the Scheme will be achieved. The Scheme does not guarantee / indicate any returns.

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

**Asset Allocation pattern of the scheme is as follows:**

Instruments	Indicative Allocations (% of total assets)		Risk Profile
	Minimum	Maximum	
Money market instruments (including CBLO & Repo)	0	100	Low
Debt Securities (including securitised debt)*	0	100	Low to Medium

\*Debt securities will also include Securitised Debt, which may go up to 50% of the portfolio.

The scheme will invest in money market & debt securities such that the Macaulay duration of portfolio is between 3 months and 6 months.

The scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy. Total investments in debt, money market instruments, units of mutual fund scheme and derivatives shall not exceed 100% of the net assets of the scheme. Subject to above conditions, the investment in derivative can be up to 50% of the net assets of the scheme.

Investment would be restricted to a maximum of 90% of the net assets of the scheme in respect of Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies. Investments in Foreign Debt securities would be made in accordance with the SEBI Circular No SEBI / IMD / Cir No 7 / 104753 / 07 dated September 26, 2007.

**Change in Investment Pattern:**

The above investment pattern is only indicative and may be changed by the Fund Manager for a short term period on defensive considerations, keeping in view the market conditions, market opportunities, applicable SEBI (MF) Regulations 1996, legislative amendments and other political and economic factors, the intention being at all times to seek to protect the interests of the Unit Holders. Rebalancing of the portfolio will be done when the asset allocation falls outside the range given above. If the exposure falls outside the above mentioned asset allocation pattern, it will be restored within 30 days. If the fund manager for any reason is not able to rebalance the asset allocation within 30 days, the matter would be escalated to the Investment Committee for further direction.

**D. WHERE WILL THE SCHEME INVEST?**

1. Subject to SEBI (Mutual Fund) Regulations, as amended from time to time and the disclosures made under the sections “How will the Scheme allocate its assets” and “ What is the Investment objective of the Scheme”, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities:-
  - a) Securities created and issued by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
  - b) Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
  - c) Repos in the form of investment, where the counterparty is rated not below investment grade and which does not involve any borrowing of funds by the Scheme/Fund
  - d) Debt securities issued by domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee
  - e) Corporate debt securities (of both public and private sector undertakings)
  - f) Obligations or Securities issued by banks (both public and private sector) including term deposits as permitted by SEBI / RBI from time to time and development financial institutions
  - g) Securitised Debt
  - h) Money market instruments as permitted by SEBI/RBI and rated not below the investment grade
  - i) Collateralised Borrowing and Lending Obligations(CBLO)
  - j) Securities with Floating rate Instruments
  - k) Certificate of Deposits (CDs).
  - l) Commercial Paper (CPs).
  - m) Pass through, Pay through or other Participation Certificates, representing interest in a pool assets including receivables
  - n) Any other domestic fixed income securities
  - o) Debt Derivative instruments as permitted by SEBI. from time to time
 

The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations.
  - p) Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities.
  - q) Short term deposits with banks overseas where the issuer is rated not below investment grade.
  - r) Initial and follow on public offerings for listing at recognized stock exchanges overseas.
  - s) Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies
  - t) Government securities where the countries are rated not below investment grade

Investment in various overseas Securities, as aforesaid, (clauses 'p' to 't') shall be made in accordance with the requirements stipulated by SEBI and RBI. (after considering the monetary ceilings fixed for such investments from time to time)

The scheme shall not have an exposure of more than 10% of its net assets in foreign securities subject to regulatory limits

The aggregate ceiling for overseas investments as above mentioned is US \$ 7 bn. Within the overall limit of US \$ 7 bn, mutual funds can make overseas investments subject to a maximum of US \$ 300 mn. per mutual fund.

The fund manager will consider the risk/reward ratio of the investments in these instruments. Risks may include fluctuating currency prices, relevant regulations of exchanges/countries, financial reporting standards, liquidity and political instability, among others. At the same time, these securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products.

The securities as mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated (post investment in portfolio) and of any maturity. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations, private placement, rights offers or negotiated deals.

## 2. Debt and Money Market in India

The below mentioned paragraphs are for providing a general information of the Debt market structure, its characteristics, Participants, Instruments etc and should be read with the paragraphs relating to "Asset Allocation Pattern" of the Scheme aforesaid for understanding the various instruments in which the Scheme will invest, the per centage limits and the restrictions of investments, if any, in one or more of such instruments.

### (a) Debt Instrument Characteristics :

A Debt Instrument is basically an obligation which the borrower has to service periodically and generally has the following features:

Face Value	:	Stated value of the paper /Principal Amount
Coupon	:	Zero; fixed or floating
Frequency	:	Semi-annual; annual, sometimes quarterly
Maturity	:	Bullet, staggered
Redemption	:	FV; premium or discount
Options	:	Call/Put
Issue Price	:	Par (FV) or premium or discount

A debt instrument comprises of a unique series of cash flows for each paper, terms of which are decided at the time of issue. Discounting these cash flows to the present value at various applicable discount rates (market rates) provides the market price.

### (b) Debt Market Structure :

The Indian Debt market comprises of the Money Market and the Long Term Debt Market.

**Money market instruments** have a tenor of less than one year while debt market instruments typically have a tenor of more than one year.

**Money market instruments** are Commercial Papers (CPs), Certificates of Deposit (CDs), Treasury bills (T-bills), Repos, Inter-bank Call money deposit, CBLOs etc. They are mostly discounted instruments that are issued at a discount to face value.

**Long Term Debt market** in India comprises mainly of two segments viz., the Government securities market and the corporate securities market.

**Government securities** includes central, state and local issues. The main instruments in this market are Dated securities (Fixed or Floating) and Treasury bills (Discounted Papers). The Central Government securities are generally issued through auctions on the basis of 'Uniform price' method or 'Multiple price' method while State Govt. are through on-tap sales.

**Corporate debt** segment on the other hand includes bonds/debentures issued by private corporates, public sector units (PSUs) and development financial institutions (DFIs). The debentures are rated by a rating agency and based on the feedback from the market, the issue is priced accordingly. The bonds issued may be fixed or floating. The floating rate debt market has emerged as an active market in the rising interest rate scenario. Benchmarks range from Overnight rates or Treasury benchmarks.

**Debt derivatives market** comprises mainly of Interest Rate Swaps linked to Overnight benchmarks called MIBOR (Mumbai Inter Bank Offered Rate) and is an active market. Banks and corporate are major players here and of late Mutual Funds have also started hedging their exposures through these products.

**Securitised Debt Instruments** – Asset securitisation is a process of transfer of risk whereby commercial or consumer receivables are pooled packaged and sold in the form of financial instruments. A typical process of asset securitisation involves sale of specific Receivables to a Special Purpose Vehicle (SPV) set up in the form of a trust or a company. The SPV in turn issues financial instruments to investors, which are rated by an independent credit rating agency. Bank, Corporates, Housing and Finance companies generally issue securitised instruments. The underlying receivables generally comprise of loans of Commercial Vehicles, Auto and Two wheeler pools, Mortgage pools (residential housing loans), Personal Loan, credit card and Corporate receivables.

The instrument, which is issued, includes loans or receivables maturing only after all receivables are realised. However depending on timing of underlying receivables, the average tenure of the securitized paper gives a better indication of the maturity of the instrument.

**(c) Regulators:**

The RBI operates both as the monetary authority and the debt manager to the government. In its role as a monetary authority, the RBI participates in the market through open-market operations as well as through Liquidity Adjustment Facility (LAF) to regulate the money supply. It also regulates the bank rate and repo rate, and uses these rates as indirect tools for its monetary policy. The RBI as the debt manager issues the securities at the cheapest possible rate. The SEBI regulates the debt instruments listed on the stock exchanges.

**(d) Market Participants:**

Given the large size of the trades, the debt market has remained predominantly a wholesale market.

**Primary Dealers**

Primary Dealers (PDs) act as underwriters in the primary market, and as market makers in the secondary market.

**Brokers**

Brokers bring together counterparties and negotiate terms of the trade.

**Investors**

Banks, Insurance Companies, Mutual Funds are important players in the debt market. Other players are Trusts, Provident and pension funds.

**(e) Types of security issuance and eligible investors:**

Issuer	Instruments	Yields (as on 26.03.2018)	Maturity	Investors
Central Government	Dated Securities	6.70% - 7.92%	1-30 years	Banks, Insurance Co, PFs, MFs, PDs, Individuals, FPI
Central Government	T-Bills	6.70% - 6.15%	364/91 days	Banks, Insurance Co, PFs, MFs, PDs, Individuals, FPI
State Government	Dated Securities	8.05% - 8.12%	10 years	Banks, Insurance Co, PFs, MFs, PDs, Individuals
PSUs Corporates	Bonds	7.50% - 8.28%	5-10 years	Banks, Insurance Co, PFs, MFs, PDs, Individuals, FPI
Corporates (AAA rated)	Bonds	7.80% - 8.50%	1-10 years	Banks, MFs, Corporates, Individuals, FPI
Corporates	Commercial Papers	6.80% - 8.15%	15 days to 1 year	Banks, MFs, Fin Inst, Corporates, Individuals, FPIs
Banks	Certificates of Deposit	6.20% - 7.40%	15 days to 1 year	Banks, Insurance Co, PFs, MFs, PDs, Individuals
Banks	Bonds	8.20% - 8.50%	10-15 years	Banks, Companies, MFs, PDs, Individuals

**(f) Trading Mechanism:**

**Government Securities and Money Market Instruments**

Currently, Government Securities (G-Sec) trades are predominantly routed through NDS-OM which is a screen based anonymous order matching systems for secondary market trading in G Sec owned by RBI. Corporate Debt is basically a phone driven market where deals are concluded verbally over recorded lines. The reporting of trade is done on the NSE Wholesale Debt Market segment.

**3. Participation in repo in corporate debt securities**

The scheme shall participate in repo transactions in Corporate Debt Securities within the following overall framework, as per the guidelines of Securities and Exchange Board of India and Boards of UTI AMC Ltd & UTI Trustee Co P Ltd

**(A) Gross Exposure Norms**

(i) The gross exposure of any scheme to 'corporate bonds repo transactions' shall not be more than 10% of the net assets of the concerned scheme.

(ii) The cumulative gross exposure through 'corporate bonds repo transactions' along with equity, debt and derivatives shall not exceed 100% of the net assets of the concerned scheme.

(iii) In addition to investment restrictions specified in SEBI (Mutual Funds) Regulations 1996, the counter-party exposure in a scheme, considering the investments held in the debt securities and value of collaterals held through repo transactions (as a lender), shall not be more than 30% in case of money market instruments (20% in other cases).

**(B) Category of the counter-party to be considered for making investment**

All entities eligible for transaction in corporate debt repos, as defined by Reserve Bank of India (RBI) and SEBI, shall be considered for repo transactions.

**(C) Credit Rating of Counterparty to be considered for making investment**

The scheme shall carry out repo transactions with only those counterparties, who have a credit rating of 'AA- and above' (Long term rating) or 'A1+' (Short term rating).

**(D) Tenor of Repo**

As a repo seller, the scheme can borrow for a period not more than six months as per the existing Regulation 44(2) of the SEBI (Mutual Funds) Regulations, 1996.

As a repo buyer, the scheme can lend for a maximum period of one year, subject to provision/s of the Scheme Information Document (SID).

**(E) Tenor and Credit Rating of the Collateral**

The scheme shall participate in repo transactions in Corporate `Bonds rated 'AA' and above ('A1+' in respect of money market instruments).

The tenor of the collateral shall not be more than 10 years.

**(F) Minimum Haircut**

In terms of RBI guidelines, repo transactions shall be subject to the following minimum haircuts:-

<b>Rating of the Security</b>	<b>AAA</b>	<b>AA+</b>	<b>AA</b>
Minimum Haircut	7.50%	8.50%	10%

The above are minimum stipulated haircuts where the repo period is overnight or where the re-margining frequency (in case of longer tenor repos) is daily. In all other cases, Fund Manager may adopt appropriate higher haircuts.

Depending on the market conditions and risk perceptions, the Fund Manager may seek higher haircut (while lending) or give a higher haircut (while borrowing).

**(G) Risk factors and mitigation measures**

**(i) Illiquidity Risk**

The repo market for corporate debt securities is over the counter (OTC) and illiquid. Hence, repo obligations cannot be easily sold to other parties.

Therefore, to mitigate such risks, it has been stipulated that gross exposure to Repo in corporate bonds would be limited to 10% of net assets of the concerned scheme. Further, the tenor of repo would be taken based on nature and unit holders' pattern of the scheme.

**(ii) Counter-party risk**

Credit risk would arise if the counter-party fails to repurchase the security as contracted or if counterparty fails to return the security or interest received on due date. To mitigate such risks, the scheme shall carry out repo transactions with only those counterparties, which has a credit rating of 'A1+' or 'AA- and above'. In case of lending of funds as a repo buyer, minimum haircuts on the value of the collateral security have been stipulated, and we would receive the collateral security in the scheme's account before the money is lent to the counter-party. Overall, we would have a limited number of counter-parties, primarily comprising of Mutual Funds, Scheduled Commercial banks, Financial Institutions and Primary dealers.

Similarly, in the event of the scheme being unable to pay back the money to the counterparty as contracted, the counter-party may hurriedly dispose of the assets (as they have sufficient margin) and the net proceeds may be refunded to the Scheme. Thus, the Scheme may suffer losses in such cases. Sufficient funds flow management systems are in place to mitigate such risks.

**(iii) Collateral Risk (as a repo buyer)**

Collateral risks arise due to fall in the value of the security (change in credit rating and/or interest rates) against which the money has been lent under the repo arrangement. To mitigate such risks, we have stipulated the minimum credit rating of the issuer of collateral security ('AA' for long-term instruments / A1+ for money market instruments), maximum duration of the collateral security (10 years) and minimum haircuts on the value of the security.

**4. Participating in Derivative Products:**

**Derivatives:** A derivative instrument, broadly, is a financial contract whose payoff structure is determined by the value of an underlying security, fixed income index (if any), interest rate etc. Thus a derivative instrument derives its value from some underlying variable.

Derivatives are further classified into

- Futures
- Options
- Swaps

**Futures:** A futures contract is a standardized contract between two parties where one of the parties commits to sell, and the other to buy, a stipulated quantity of a security at an agreed price on or before a given date in future.

**Options:** An option is a derivative instrument, which gives its holder (buyer) the right but not the obligation to buy or sell the underlying security at the contracted price on or before the specified date. The purchase of an option requires an up-front payment (premium) to the seller of the option.

There are two basic types of options, call options and put options.

**(a) Call option:** A call option gives the buyer of the option the right but not the obligation to buy a given quantity of the underlying asset, at a given price (strike price), on or before a given future date.

**(b) Put option:** A put option gives the buyer of the option the right but not the obligation to sell a given quantity of the underlying asset, at a given price (strike price), on or before a given future date.

On expiry of a call option, if the market price of the underlying asset is lower than the strike price the call would expire unexercised. Likewise, if, on the expiry of a put option, the market price of the underlying asset is higher than that of the strike price the put option will expire unexercised.

The buyer/holder of an option can make loss of not more than the option premium paid to the seller/writer but the possible gain is unlimited. On the other hand, the option seller/writer's maximum gain is limited to the option premium charged by him from the buyer/holder but can make unlimited loss.

**Swaps:** The exchange of a sequence of cash flows that derive from two different financial instruments. For example, the party receiving fixed in an ordinary Interest Rate Swap receives the excess of the fixed coupon payment over the floating rate payment. Of course, each payment depends on the rate, the relevant day count convention, the length of the accrual period, and the notional amount.

**Illustration for Interest Rate Swap:**

In a plain vanilla fixed-to-floating interest rate swap, party A makes periodic interest payments to party B based on a variable interest, say MIBOR plus 50 basis points. Party B in turn makes periodic interest payments based on a fixed rate of say 6%. The payments are calculated over the notional amount. The first rate is called variable, because it is reset at the beginning of each interest calculation period to the then current reference rate, such as say MIBOR.

The scheme may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions will be an entity recognised as a market maker by RBI. Further the value of the notional principal in such cases will not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counter party in such transactions will not exceed 10% of the net assets of the scheme.

The Fund may use derivative instruments like Fixed Income Index (if any), Futures, Interest Rate Swaps and 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 permitted under the Regulations and guidelines from time to time.

**Debt derivatives** market comprises mainly of Interest Rate Swaps linked to Overnight benchmarks called MIBOR (Mumbai Inter Bank Offered Rate) and is an active market. Banks and corporate are major players here and of late Mutual Funds have also started hedging their exposures through these products.

Debt derivatives are as of now customised over the counter products and there is no guarantee that these products will be available on tap. The provision for trading in derivatives is an enabling provision and it is not binding on the Scheme to undertake trading on a day to day basis.

Some of the derivative techniques/ strategies that may be used are:-

(i) The scheme will use hedging techniques including dealing in derivative products - like futures and options, warrants, interest rate swaps (IRS), forward rate agreement (FRA) as may be permissible under SEBI (MFs) Regulations.

(ii) The scheme intends to use derivatives only for the purpose of hedging and/or re-balancing of the portfolio against any anticipated move in the equity and debt markets. A hedge is primarily designed to offset a loss on a portfolio with a gain in the hedge position.

(iii) The scheme may take derivatives position based on the opportunities available and in line with the overall investment objective of the scheme.

(iv) The Fund manager may use various strategies for trading in derivatives with a view to enhancing returns and taking cover against possible fluctuations in the market.

(v) The Fund Manager may sell the index forward by taking a short position in index futures to save on the cost of outflow of funds or in the event of negative view on the market.

**Details of Participation in Interest Rate Futures**

a) **Investment Norms:**

To reduce interest rate risk in a debt portfolio, the scheme may hedge the portfolio or part of the portfolio (including one or more securities) on weighted average modified duration basis by using Interest Rate Futures (IRFs). The maximum extent of short position that may be taken in IRFs to hedge interest rate risk of the portfolio or part of the portfolio, is as per the formula given below:



$(\text{Portfolio Modified Duration} * \text{Market Value of the Portfolio}) / (\text{Futures Modified Duration} * \text{Futures Price} / \text{Par Value})$

At no point of time, the net modified duration of part of the portfolio being hedged shall be negative.

In case the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged, it would result in imperfect hedging.

Imperfect hedging using IRFs will be considered to be exempted from the gross exposure, upto maximum of 20% of the net assets of the scheme, subject to certain conditions such as exposure to IRFs is created only for hedging, the correlation between the portfolio and the IRF is atleast 0.9 etc. as prescribed in above mentioned SEBI circular.

b) Risk involved in imperfect hedging using Interest Rate Futures (IRFs)

With imperfect hedging, there is a risk that offsetting investments in a hedging strategy will not experience price changes in entirely same direction from each other. This imperfect correlation between the two investments creates the potential for excess gains or losses in a hedging strategy, thus adding risk to the position.

For example, in the attempt to hedge interest rate risk of a scheme (diversified portfolio of various debt securities) with a modified duration of say 6 years, the fund manager takes a short position in 10 year IRF having a modified duration of 6 years. The risk is that price changes in IRF and the scheme portfolio may not move in the same direction or in the same proportion.

Numerical Example:

To understand risk associated with imperfect hedging let us look at the following illustration:

On Nov 1, 2017 the fund buys Rs. 100 Crs of 10 year Power Finance Co. (corporate bond) with a modified duration of 6 years from the spot market at a yield of 7.50% (Price: Rs. 100). Subsequently, it is anticipated that the interest rate will rise in the near future. Therefore, to hedge the exposure in underlying corporate bond, the fund sells Nov 2017, 10 year benchmark Interest Rate Futures at yield of 7.00% (Price: Rs. 98.50) having a modified duration of 6 years.

Let us assume the following two scenarios:

(i) Both the securities experience price changes in the same direction:

On Nov 15, 2017 the corporate bond and government bond yields move up by 10 basis points (0.10%) on back of deteriorating macro economic factors.

Loss in Corporate Bond Holding = Portfolio Value \* Change in Interest Rate \* Modified Duration

Loss in Corporate Bond Holding = Rs. 100 Crs \* 0.10% \* 6 = (Rs. 60 Lacs)

Similarly, Profit on short selling of Interest Rate Futures = Rs. 100 Crs \* 0.10% \* 6 = Rs. 60 Lacs

This allows the fund manager to hedge the portfolio against interest rate movement using Interest Rate Futures.

(ii) Securities experience price changes in the opposite direction:

On Nov 15, 2017 the corporate bond yield moves up by 10 basis points (0.10%) on back of higher supply of corporate bonds & the government bond yield fell by 5 bps due to improving macro economic factors.

Loss in Corporate Bond Holding = Portfolio Value \* Change in Interest rate \* Modified Duration

Loss in Corporate Bond Holding = Rs. 100 Crs \* 0.10% \* 6 = (Rs. 60 Lacs)

Similarly, Loss on short selling of Interest Rate Futures = Rs. 100 Crs \* 0.05% \* 6 = (Rs. 30 Lacs)

On certain instances like the one illustrated above, it is observed that the co-relation between the corporate bonds and government securities may not be perfect over a short period of time leading to imperfect hedging which may result in higher loss/ gain from the strategy. The likelihood of such instances being prevalent on a sustainable basis is expected to be minimal due to strong correlation between government securities & bond markets over the medium to long term.

c) Risk mitigation factors:

The scheme may use various derivative products as permitted by the Regulations. Participating in derivatives is a highly specialized activity and entails greater than ordinary investment risks. Primarily, derivatives including Interest Rate Futures would be used for purpose of hedging and portfolio balancing.

The AMC has necessary framework in place for risk mitigation at an enterprise level. The Risk Management division is an independent division within the organization. Risk indicators & internal limits are defined and judiciously monitored on a regular basis. There is a Board level Committee, the Risk Management Committee of the Board, which enables a dedicated focus on risk factors and the relevant risk mitigation measures.

**Exposure limits as per SEBI Circular No. Cir/IMD/DF/11/2010 dated 18<sup>th</sup> August 2010:**

- a. The cumulative gross exposure through debt, derivative positions and portion of imperfect hedging in excess of 20% of the net assets of the Scheme should not exceed 100% of the net assets of the scheme.
- b. Mutual Funds shall not write options or purchase instruments with embedded written options.
- c. The total exposure related to option premium paid must not exceed 20% of the net assets of the scheme.
- d. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
- e. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:-
  - (i) Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
  - (ii) Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point a.
  - (iii) Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
  - (iv) The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
- f. 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.
- g. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point a.

**Definition of Exposure in case of Derivative Positions**

Each position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows:

Position	Exposure
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option bought	Option Premium Paid * Lot Size * Number of Contracts.

The AMC retains the right to enter into such derivative transactions as may be permitted by the Regulations from time to time. For risks associated with investments in derivatives investors are requested to refer to Risk Factors of this Scheme Information Document.

**5. Benefits of Investment in Overseas Financial Assets:**

*Diversification of risk*

Investing in Foreign Debt Securities allows the investor to move away from a single country, single currency and single market format.

*Better credit quality*

Since the investment in Foreign Debt Securities will only be in papers rated AAA by S&P or Moody's or Fitch IBCA etc. the credit quality of such papers will be superior to the papers available domestically.

*Wider choice of investment opportunities*

The overseas debt markets allows investors access to a choice of investment avenues / instruments. These markets are also typically more liquid than domestic markets. The Mutual Fund may, where necessary appoint intermediaries as sub-managers, sub-custodians, etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses.

6. The scheme's investments will be in transferable securities (whether in capital markets or money markets) or bank deposits or in money at call or in privately placed debentures as securitised debt.

7. Pending deployment of funds of the Scheme in securities in terms of the investment objective of the scheme as stated above, the funds of the Scheme may be invested in short term deposits of scheduled commercial banks in accordance with SEBI Circular No. SEBI/IMD/CIR No. 1/ 91171 /07 dated April 16, 2007 and such deposits 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.
- Asset Management Company (AMC) shall not be permitted to charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks in case of liquid and debt oriented schemes.

The AMC/Trustee may alter these above stated restrictions from time to time to the extent the SEBI Regulations change, so as to permit the Scheme to make their investments in the full spectrum of permitted investments for mutual funds to achieve its investment objective. All investments of the Scheme will be made in accordance with the SEBI Regulations and any other regulations that may be applicable from time to time.

## 8. Investment in Illiquid Securities

The liquidity of the Scheme's money market investment and other debt securities may be restricted due to the absence of a well developed and liquid secondary market for such securities. As the liquidity of the Scheme's securities could be restricted by any or all of factors such as trading volumes, settlement periods and transfer procedures, the aggregate of such holdings could exceed 10% of the value of the net assets of the Scheme. The Trustees have the right in their sole discretion to limit redemptions under certain circumstances (Please see 'Right to Limit Redemptions' in the SAI and the Paragraphs relating to "Restrictions on Redemption of Units" under the Heading "Redemption" under "Item No III-Units & Offer" shown in the "Table of Contents" of this SID).

## E. WHAT ARE THE INVESTMENT STRATEGIES?

### 1. Investment focus and asset allocation strategy:

The fund aims to generate reasonable returns with low volatility from a portfolio of money market and debt securities. The fund attaches importance to low credit risk and portfolio diversification. The fund intends to maintain the Macaulay duration between 3 months and 6 months.

### 2. Portfolio Turnover policy

The scheme being an open-ended scheme, it is expected that there would be a number of subscriptions and redemptions on a daily basis. Further, in the debt market, trading opportunities may arise due to changes in system liquidity, interest rate policy announced by RBI, shifts in the yield curve, credit rating changes or any other factors. In the opinion of the fund manager these opportunities can be utilized to enhance the total return of the portfolio. The fund manager would endeavour to optimize portfolio turnover to maximize gains and minimize risks keeping in mind the cost and overall scheme objective. The scheme has no specific target relating to portfolio turnover.

## F: FUNDAMENTAL ATTRIBUTES

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

### (i) Type of a scheme

UTI Ultra Short Term Fund is an open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months (Please refer to page no.16 of SID on which the concept of Macaulay duration has been explained).

### (ii) Investment Objective

Main Objective – as given in Clause II B

Investment pattern - as given in Clause II C, while retaining the option to alter the asset allocation for a short term period on defensive considerations.

### (iii) Terms of Issue

Liquidity provision of redemption: Only provisions relating to redemption as given in the Scheme Information Document.

Aggregate Expenses and Fees [as given in clause IV A (b) & (c)] charged to the scheme.

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

- 1) 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

2) 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 Ultra Short Term Debt Index is the benchmark for UTI Ultra Short Term Fund.

CRISIL Ultra Short Term Debt Index seeks to track the performance of an ultra-short term debt portfolio comprising of Treasury Bills, short term AAA/AA+/AA rated corporate bonds, Commercial Papers and Certificates of Deposit.

The benchmark has been chosen on the basis of the investment pattern/objective of the scheme and the composition of the index.

UTI AMC reserves the right to change the benchmark in future if a benchmark better suited to the investment objective of the scheme is available.

**H. WHO MANAGES THE SCHEME?**

Sudhir Agrawal & Ritesh Nambiar are the Fund Managers of UTI Ultra Short Term Fund.

Shri Sharwan Kumar Goyal is the dedicated Fund Manager for Overseas Investment.

<b>Name &amp; Age (in yrs)</b>	<b>Qualifications</b>	<b>Experience</b>	<b>Other Schemes Managed</b>
Sudhir Agarwal 34 yrs  (Managing the Scheme since July 2012)	M.Com, CFA, PGDBA,	He joined UTI AMC in 2009 after 4 years of experience. He has previously worked with CARE (Credit Analysis and Research Ltd.), Transparent Value LLC and Tata Asset Management Company Ltd in different roles.	UTI Banking & PSU Debt Fund, UTI Short Term Income Fund, UTI Treasury Advantage Fund.
Ritesh Nambiar 34 yrs  (Managing the Scheme since July 2015)	BMS (Fin), CFA, FRM & MMS (Finance)	He joined UTI in 2008. Prior to joining UTI, he has 3 years of experience in CRISIL and TransMarket Group Research. In UTI he has worked in Department of Securities Research and is presently in Department of Fund Management - Debt	UTI Credit Risk Fund, UTI Medium Term Fund (along with Amandeep Chopra).
Sharwan Kumar Goyal 36 years  (Managing since March 2017)	B.Com., CFA (USA), MMS	He began his career with UTI AMC in June 2006 and has over 10 years of experience in Risk Management, Equity Research and Portfolio Analysis.	Fund Manager – Overseas Investment

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

These investment limitation / parameters (as expressed /linked to the net asset / net asset value / capital) shall in the ordinary course apply as at the date of the most recent transaction or commitment to invest and changes do not have to be effected merely because, owing to appreciation or depreciation in value of the securities or by appreciation / depreciation in the Net Asset Value due to purchases / redemption in the Scheme or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any scheme of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the fund any such limits would thereby be breached.

All investment restrictions shall be applicable at the time of making an investment. Subject to SEBI (MFs) Regulations and guidelines on investment from time to time.

- (a) The 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 authorised 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 directors of the asset management company and the Board of Trustees:

Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and collateralized borrowing and lending obligations.

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.

- (b) The scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total of such instruments shall not exceed 25% of the NAV of the scheme. All such investments will be made with the prior approval of the Board of the AMC and the Board of Trustees

UTI Mutual Fund may constitute committees who can approve proposals for investments in unrated instruments. However, the detailed parameters for such investments shall be approved by the AMC Board and the Trustee. The details of such investments shall be communicated by UTI AMC to the Trustee in their periodical reports. However, in case any security does not fall under the parameters, the prior approval of the Board of AMC and Trustee shall be required.

**Prudential limits in sectoral exposure and group exposure of the Scheme:**

The exposure of the Scheme in a particular sector (excluding investments in Bank CDs, CBLO, G-Secs, TBills, short term deposits of scheduled commercial banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 25% of the net assets of the Scheme;

Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 15% of the net assets of the Scheme shall be allowed only by way of increase in exposure to Housing Finance Companies (HFCs).

Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB) and the total investment/exposure in HFCs shall not exceed 25% of the net assets of the Scheme as per SEBI Guideline contained in Circular No SEBI/HO/IMD/DF2/CIR/P/2017/14 dated February 22, 2017.

**Group exposure –**

i. The total exposure of the Scheme 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.

ii. For this purpose, a group means a group as defined under regulation 2 (mm) of SEBI (Mutual Funds) Regulations, 1996 (Regulations) and shall include an entity, its subsidiaries, fellow subsidiaries, its holding company and its associates.

UTI AMC has appropriate in-built systems control and continuous review mechanism to ensure that counterparty risk exposure arising out of all financial transactions including OTC derivative and repo transactions are within the limits as specified above. Internal control mechanisms ensure adherence to these limits and type of exposures i.e., the scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer, which are rated not below AA- and the scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total of such instruments shall not exceed 25% of the NAV of the scheme.

- (c) Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments.

- (d) Save as otherwise expressly provided under the SEBI (Mutual Fund) regulations, the mutual fund shall not advance any loans for any purpose.
- (e) The scheme shall not make any investment in any fund of fund scheme.
- (f) The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities and shall in no case put itself in a position whereby it has to make short sale or carry forward transaction unless allowed by SEBI.

However, the scheme may enter into derivatives transactions for the purpose of hedging and re-balancing the portfolio as may be permissible under the guidelines issued by SEBI.

- (g) The Mutual Fund under all its schemes taken together will not own more than 10% of any Company's paid up capital carrying voting rights.
- (h) Separate demat account has been opened in the name of the scheme. The total holding of the scheme is held in the name of the scheme.
- (i) UTI Mutual Fund shall, get the securities purchased by the scheme transferred in the name of the scheme, whenever investments are intended to be of long-term nature.
- (j)
  - 1) The scheme may participate in the securities lending program, in accordance with the terms of securities lending scheme announced by SEBI. The activity shall be carried out through approved intermediary.
  - 2) The maximum exposure of the scheme to a single intermediary in the securities lending program at any point of time would be 10% of the market value of the security class of the scheme or such limit as may be specified by SEBI.,
  - 3) The scheme, in appropriate circumstances, may borrow securities in accordance with SEBI guidelines as amended from time to time.
- (k) The scheme shall not make any investment in any unlisted security of an associate or group company of the sponsors or any security issued by way of private placement by an associate or group company of the sponsors; or the listed securities of group companies of the sponsors which is in excess of 25% of the net assets.
- (l) Investment in non-publicly offered debt: Depending upon the available yield the scheme would be investing in non-publicly offered debt securities to the extent to which such investment can be made by the scheme.
- (m) Based upon the liquidity needs, the scheme may invest in Government Securities without any restriction on the extent to which such investments can be made.

The scheme would aim to invest in a higher proportion of liquid and traded debt instruments including Government Securities. As the Indian Debt market is characterised by high degree of illiquidity, the proposed aggregate holding of assets considered "illiquid", including debt securities (for which there is no active established market), could be more than 10% of the value of the net assets of the scheme.

- (n) Investment by this Scheme in other Mutual Fund Schemes will be in accordance with Regulation 44(1), Seventh Schedule of the SEBI (MFs) Regulations as under:

A Scheme may invest in another Scheme under the same Asset Management Company or any other mutual fund without charging any fees, provided that aggregate inter Scheme investment made by all Schemes under the same management or in Schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund.

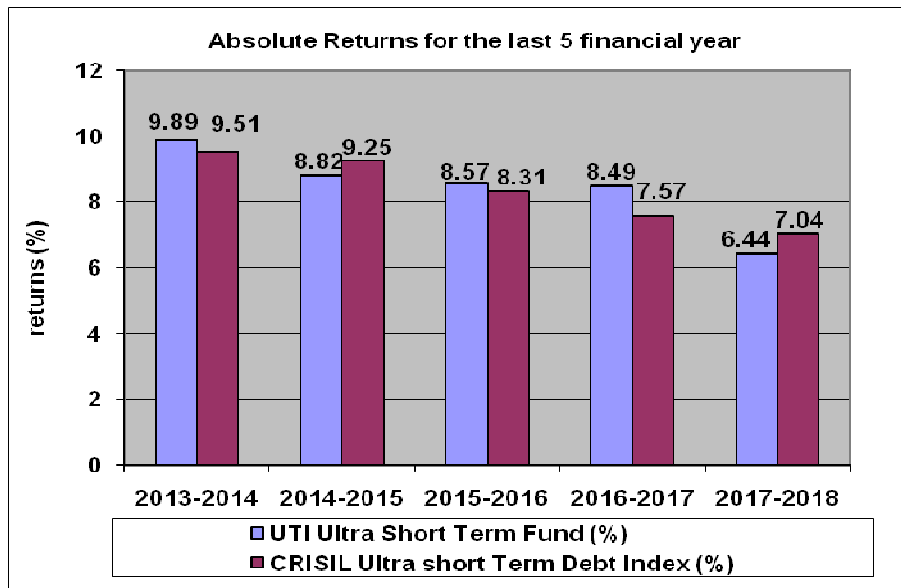
Such investment will be consistent with the investment objective of the Scheme. No investment management fees will be charged by the AMC on such investments.

- (o) Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if,—
- (i) such transfers are done at the prevailing market price for quoted instruments on spot basis.
  - (ii) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
- (p) The mutual fund shall not borrow except to meet temporary liquidity needs of the mutual fund for the purpose of repurchase, redemption of units or payment of interest or dividend to the unitholders:

Provided that the mutual fund shall not borrow more than 20% of the net asset of the scheme and the duration of such a borrowing shall not exceed a period of six months.

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

Performance of the scheme as on March 31, 2018	Compounded Annualised Returns*	Scheme Returns (%)	CRISIL Ultra Short Term Debt Index (%)
	Last 1 year	6.44	7.04
	Last 3 years	7.82	7.64
	Last 5 years	8.42	8.33
	Since Inception	7.38	7.60



\* Computed on compounded annualised basis using NAV of Growth Option. Past performance may or may not be sustained in future

**K. ADDITIONAL SCHEME RELATED DISCLOSURES**

1. Scheme’s portfolio holdings (top 10 holdings by issuer and fund allocation towards various sectors) (as on March 31, 2018)

UTI Ultra Short Term Fund - Top 10 holdings Debt Issuer Wise		
Serial No	Issuer Name	% of NAV
1	Shriram Transport Finance Co.Ltd.	9.64
2	Dewan Hsg Finance Corporation Ltd	7.66
3	National Bank For Agriculture & Rural Development	7.52
4	Edelweiss Commodities Services Ltd	6.09
5	Indiabulls Housing Finance Ltd.	5.59



6	Future Enterprises Ltd.	5.14
7	ECL Finance Ltd.	4.07
8	Vodafone Mobile Services Ltd	4.03
9	HDFC Ltd.	3.84
10	Reliance Jio Infocomm Ltd	3.55
	<b>Total</b>	<b>57.13</b>

<b>UTI- Ultra Short Term Fund - Top 10 holdings Debt Sector wise</b>		
<b>Serial No</b>	<b>Sector</b>	<b>% of NAV</b>
1	Financial Services	65.62
2	Services	9.31
3	Telecom	7.58
4	Consumer Goods	5.14
5	NCA/Reverse Repo/CBLO/Others	4.31
6	Metals	2.56
7	Pharma	2.02
8	Textiles	1.84
9	Construction	1.00
10	Fertilisers & Pesticides	0.62
	<b>Total</b>	<b>100.00</b>

2. **A website link to obtain scheme’s latest monthly portfolio holding**

<https://www.utimf.com/forms-and-downloads/portfolio-disclosure>

(After following the above link, please expand “Portfolio Disclosure-Scheme wise” and select the desired scheme to view its portfolio)

3. Portfolio Turnover Ratio as on 31.03.2018: 0.79

4. The aggregate investment held in the scheme by the following categories of persons as on March 31, 2018:

<b>Particulars</b>	<b>Aggregate Investments (Rs. in lacs)</b>
AMC’s Board of Directors	Nil
Fund Manager(s) of the UTI Ultra Short Term Fund	5.72
Other key managerial personnel	308.13

**III. UNITS & OFFER**

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

**A. ONGOING OFFER DETAILS**

**Plans / Options offered**

**Regular Plan**  
**Direct Plan**

Both the plans offers following options:

- (a) Growth Option
- (b) Daily Dividend Reinvestment Option

- (c) Weekly Dividend Reinvestment Option
- (d) Fortnightly Dividend Option\*\*
- (e) Monthly Dividend Option\*\*
- (f) Quarterly Dividend Option\*\*
- (g) Half Yearly Dividend Option\*\*
- (h) Annual Dividend Option\*\*
- (i) Flexi Dividend Option\*\*

\*\* with both payout and reinvestment facilities

Default option will be Growth Option.

**Details for Direct Plan:**

Direct Plan is only for investors who purchase/subscribe units directly with the Fund and is not available for investors who route their investments through a Distributor.

All categories of Investors (whether existing or new Unitholders) as permitted under this SID are eligible to subscribe under Direct Plan. Investments under the Direct Plan can be made through various modes (except all Platform(s) where investor’s applications for subscription of units are routed through Distributors).

The Direct Plan will be a separate plan under the Fund/Scheme and shall have a lower expense ratio excluding distribution expenses, commission etc and will have a separate NAV. No commission shall be paid/charged from Direct Plan.

Portfolio of the Fund/Scheme under the Regular plan and Direct Plan will be common.

**How to apply:** Investors subscribing under Direct Plan of UTI Ultra Short Term Fund will have to indicate “Direct Plan” against the Scheme name in the application form, as for example, “UTI Ultra Short Term Fund – Direct Plan”.

**Treatment of applications under "Direct" / "Regular" Plans:**

Scenario	Broker Code mentioned by the investor	Plan mentioned by the investor	Default Plan to be captured
1	Not mentioned	Not mentioned	Direct Plan
2	Not mentioned	Direct	Direct Plan
3	Not mentioned	Regular	Direct Plan
4	Mentioned	Direct	Direct Plan
5	Direct	Not Mentioned	Direct Plan
6	Direct	Regular	Direct Plan
7	Mentioned	Regular	Regular Plan
8	Mentioned	Not Mentioned	Regular Plan

In cases of wrong/ invalid/ incomplete ARN codes mentioned in the application form under scenarios 7 or 8 above, the application shall be processed under ‘Regular Plan’. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under ‘Direct Plan’ from the date of application without any exit load.

**Scheme characteristics of Direct Plan:**

Scheme characteristics such as Investment Objective, Asset Allocation Pattern, Investment Strategy, risk factors, facilities offered and terms and conditions including load structure will be the same for the Regular Plan and the Direct Plan except that:

- (a) Switch of investments from Regular Plan through a distributor with ARN Code to Direct Plan shall be subject to applicable exit load, if any. The holding period for applicability of load will be considered from the date of such switch to Direct Plan.
- (b) However, no exit load shall be levied for switch of investments from Regular Plan made directly without an ARN Code to Direct Plan of the scheme (subject to statutory taxes and levies, if any). The holding period for applicability of load will be considered from the date of initial investment in the Regular Plan.
- (c) No exit load shall be levied in case of switches from Direct Plan to Regular Plan.

- (d) Eligible investors/modes for applying: All categories of investors (whether existing or new unitholders) as permitted under this SID are eligible to subscribe under Direct Plan. Investments under Direct Plan can be made through various modes offered by the Fund for investing directly with the Fund {except all Platform(s) where investors' applications for subscription of units are routed through Distributors}.

**Existing Investments prior to 1<sup>st</sup> January 2013**

Dividend will continue to be reinvested in the Regular Plan only in respect of Investments made without Distributor code where the Investor has opted for the Dividend Reinvestment facility.

**Minimum Investment amount under the Direct Plan:**

In case of already existing investments under the Regular Plan, if the investor wants to further invest in the Direct Plan he/she will be required to invest the minimum investment amount of the scheme, as applicable for that Scheme/Plan/Option/facility etc.

However, this minimum investment amount requirement is not applicable in case of switchover from Regular Plan to Direct Plan or vice versa under the same Scheme and same Option.

**Brief Explanation of certain type of Options:**

**Growth Option:**

The Growth Option is for those investors who do not wish to have any regular income by way of dividends and instead seek cumulative growth by way of capital appreciation. Under the Growth Option, therefore, no dividends will be declared and profits made would remain invested therein and get reflected in the NAV. Investors under this option can avail of the benefits of indexation and concessional capital gains taxation. Investors should, however, check with their tax advisors regarding the applicability of such benefits in their individual case before opting for this option.

**Monthly Dividend Option:**

Dividend is proposed to be declared on a monthly basis subject to availability of distributable surplus.

**Quarterly Dividend Option:**

Subject to availability of distributable surplus under the Quarterly Dividend option of the scheme, dividend will be distributed in the last week of every quarter viz., March, June, September & December or such other day / frequency as may be decided by the Trustee, as computed in accordance with SEBI Regulations. There is no assurance or guarantee that the dividend will be declared.

**Half Yearly Dividend Option:**

Subject to availability of distributable surplus under the Half Yearly Dividend option of the scheme, dividend will be distributed in the last week of every half year viz., March & September or such other day / frequency as may be decided by the Trustee, as computed in accordance with SEBI Regulations.

**Annual Dividend Option:**

Subject to availability of distributable surplus under the Annual Dividend option of the scheme, dividend will be distributed in the last week of every financial year viz., March or such other day / frequency as may be decided by the Trustee, as computed in accordance with SEBI Regulations.

**Flexi Dividend Option:**

Under the Flexi Dividend Option the Fund will endeavour to declare dividends from time to time subject to availability of distributable surplus, as computed in accordance with SEBI (MF) Regulations 1996. The quantum of dividend would be as decided and approved by the AMC / Trustees from time to time. However, there is no assurance or guarantee to the unit holders, as to the rate and frequency of declaration of dividend.

**Reinvestment facility:**

Under this facility the dividend distribution in respect of Unit holders under the Daily, Weekly, Fortnightly, Monthly, Quarterly, Flexi, Half Yearly and Annual Dividend options (who opt for reinvestment facility) will be reinvested in further units at the NAV on the record date.

There is no assurance or guarantee to the Unit holders as to the rate of dividend distribution.

Though it is the intention of the Scheme to make periodical dividend distribution, there may be instances when no dividend distribution could be made.

**Details of Scheme / Plans / Options Where Fresh Subscriptions has been Discontinued with effect from 1<sup>st</sup> October 2012**

<b>Discontinued Plans / Options</b>	<b>Revised Plan / Option Name (for existing Unit holders before 1<sup>st</sup> October 2012)</b>
<b>Institutional Plan-</b> (a) Growth Option (b) Periodic Dividend Option	<b>Discontinued Institutional Plan-</b> (a) Growth Option (b) Periodic Dividend Option

The existing Investors under the aforesaid Scheme/Plans where Plans/Options are discontinued shall be allowed to continue in the discontinued Plan/Option till they exit.

Further, the Dividend Reinvestment facility/option in respect of the above discontinued scheme & plans/options/renamed/revised plans & options is withdrawn and the dividend as and when declared under these Plans etc will be compulsorily paid out in such cases even if it is under reinvestment facility/option.

Further, under the above Plans & Options, the dividend is proposed to be declared once in a month, subject to availability of distributable surplus, as computed in accordance with SEBI (MF) Regulations 1996. However, there is no assurance or guarantee to the unit holders, as to the rate and frequency of dividend. UTI AMC reserves the right to declare dividend at any other frequency, as it may deem fit, under the above revised Plans & Options.

**Dividend Policy**

**(a) Dividend distribution:**

Dividend distribution, if any, under the Dividend Option of the scheme will be made subject to availability of distributable surplus at such intervals as is indicated under the scheme or as may be decided by UTI AMC and approved by the Trustees from time to time.

Dividend Policy under UTI Ultra Short Term Fund is as given below:

Under the Daily/Weekly/Fortnightly/Monthly/Quarterly/Half Yearly & Annual Dividend Options, it is envisaged to declare dividends on a daily/weekly/fortnightly/monthly/quarterly/half yearly & annual basis respectively subject to availability of distributable surplus computed in accordance with SEBI Regulations. Under the Flexi Dividend Option, dividend is proposed to be declared at such frequencies as may be decided by UTI AMC Ltd and approved by the Trustees from time to time, subject to availability of distributable surplus computed in accordance with SEBI Regulations. However, under all the dividend options, there is no assurance or guarantee to the unit holders, as to the rate and frequency of declaration of dividend. UTI AMC Ltd./Trustees reserves the right to declare or not to declare dividend at any frequency, as it may deem fit, under these Options.

**(b) Dividend Sweep under UTI Ultra Short Term Fund**

The dividends (net of TDS) earned by the Unitholder will be swept/transferred into UTI-Gilt Fund, UTI-Regular Savings Plan and UTI-Treasury Advantage Fund. This facility helps the unitholder to build up his wealth continuously. No load will be applicable for sweep in, even if the Scheme in which the sweep is taking place has an entry load.

Investors may avail any of the above facilities by ticking the appropriate box in the Application Form or may contact the UFCs or offices of the Registrar for further details.

**(c) Reinvestment of dividend distributed**

Unitholders of the scheme, if they so desire, will have facility to reinvest dividend, if any, payable to them, into further units of the scheme.

**(d) Threshold limit for dividend payout option**

a. In case of Dividend Payout under a folio is less than or equal to ₹1,500/- and where complete bank account details are not available or facility of electronic credit is not available with Investor's Bank/Bank Branch, then such amount will be compulsorily reinvested wherever reinvestment option is available under the scheme and an Account Statement (SoA) will be sent to the Investors at their Registered Address.

- b. For folios where dividend warrants are returned undelivered and/or the dividend warrant remains unencashed / unclaimed on 3 consecutive occasions, future dividend amount will be reinvested, wherein reinvestment option is available and an Account Statement (SoA) would be sent to the Investors at their Registered Address.

**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.**

**(a) Applicants:**

The following qualified persons (subject to, wherever relevant, purchase of units of mutual funds being permitted under respective constitutions, and relevant statutory regulations) are eligible and may apply for subscription to the Units of the Scheme.

- (i) Resident Adult Individuals either singly or jointly (not exceeding three);
- (ii) Minors through parent / lawful guardian;
- (iii) Companies, Bodies Corporate, Public Sector Undertakings, Private Trusts, Association of Persons or Bodies of Individuals and Societies registered under the Societies Registration Act, 1860 (so long as the purchase of Units is permitted under the respective constitutions);
- (iv) Partnership Firms;
- (v) Karta of Hindu Undivided Family (HUF);
- (vi) Banks and Financial Institutions;
- (vii) Religious and Charitable Trusts, Wakfs or Endowments and Registered Societies (including Registered Co-operative Societies) (subject to receipt of necessary approvals as required);
- (viii) Non-Resident Indians (NRIs)/ Persons of Indian Origin residing abroad (PIOs) on repatriation and non-repatriation basis;
- (ix) Foreign Portfolio Investor (FPI) as defined under Regulation 2(1)(h) of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014;
- (x) Army, Air Force, Navy and other para-military units and bodies created by such institutions;
- (xi) Scientific and Industrial Research Organisations;
- (xii) International Multilateral Agencies / Bodies Corporate incorporated outside India with the permission of the Government of India / Reserve Bank of India;
- (xiii) Mutual Funds registered with SEBI including other scheme of UTI Mutual Fund;
- (xiv) Other Associations, Institutions, Bodies, etc. who are permitted to invest in this Scheme as per their respective constitution;
- (xv) Trustee, AMC, Sponsor and their associates may subscribe to Units under this Scheme;
- (xvi) 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.

**(b) Applications for purchase of units shall be made by such persons as are duly authorised in this behalf by the charter of establishment, rules and regulations, etc., governing the specified investors.**

**(c) Applications for units shall be accompanied by such documents as the UTI AMC may prescribe in this behalf from time to time.**

Subject to the Regulations, the Sponsors, the Mutual Funds managed by them, their associates and the AMC may acquire units of the scheme. The AMC shall not be entitled to charge any fees on its investments in the scheme.

The fund reserves the right to include/exclude, new/existing categories of investors to invest in the scheme from time to time, subject to SEBI Regulations, if any.

Subject to the Regulations, the Trustee/AMC may reject any application received, in case the application is found invalid/incomplete or for any other reason at the Trustee's / AMC's Sole discretion.

**Note:**

1. NRIs/PIOs/FPIs have been granted a general permission by RBI [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 scheme subject to conditions set out in the aforesaid regulations.
2. Returned cheques are liable not to be presented again for collection, and the accompanying Application Forms are liable to be rejected. In case the returned cheques are presented again, the necessary charges are liable to be debited to the investor.
3. In case of non individual applicants such as Body Corporate, Company, Eligible Institutions, Society, Trust, Partnership Firm, Banks, etc., no documents/resolution is normally called for, except a declaration in the application itself or separately that "the applicant is empowered to invest and the signatories have necessary authorisation to invest on behalf of the applicant".
4. In terms of the notification No. FERA/195/99-RB dated March 30, 1999 and FERA/212/99-RB dated October 18, 1999, the RBI has granted a general permission to mutual funds, as referred to in Clause 23(D) of Section 10 of the Income Tax Act, 1961 to issue and repurchase Units of their scheme which are approved by SEBI to NRIs/PIOs and FPIs respectively, subject to conditions set out in the aforesaid notifications.

Further, general permission is also granted to send such Units to NRIs/PIOs and FPIs to their place of residence or location as the case may be.

5. **Joint Applicants** - In the event an Account has more than one registered owner, the first-named holder (as determined by reference to the original Application Form) shall receive the Account Statements, all notices and correspondence with respect to the Account, as well as the proceeds of any redemption requests or dividends or other distributions. In addition, such holder shall have the voting rights, as permitted, associated with such Units. Applicants can specify the 'mode of holding' in the application form as 'Jointly' or 'First or Survivor' or 'Anyone or Survivor'. In the case of holding specified as 'Jointly' or 'First or Survivor', redemption requests would have to be signed by Unit holders as per mode of holding in application form. However, in cases of holding specified as 'Anyone or Survivor', any one of the Unit Holders will have the power to make redemption requests, without it being necessary for all the Unit Holders to sign the same.

**Investment by Individuals – Foreign Nationals**

For the purposes of carrying out the transactions by Foreign Nationals in the units of the Schemes of UTI Mutual Fund,

1. Foreign Nationals shall be resident in India as per the provisions of the Foreign Exchange Management Act, 1999.
2. Foreign Nationals are required to comply (including taking necessary approvals) with all the laws, rules, regulations, guidelines and circulars, as may be issued/applicable from time to time, including but not limited to and pertaining to anti money laundering, Know Your Customer (KYC), income tax, foreign exchange management (the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder) including in all the applicable jurisdictions.

UTI AMC reserves the right to amend/terminate this facility at any time, keeping in view business/operational exigencies.

**Note:** "Neither this Scheme Information Document nor the units have been registered in any jurisdiction including the United States of America. The distribution of this Scheme Information Document in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this Scheme Information Document are required to inform themselves about, and to observe any such restrictions. No persons receiving a copy of this Scheme Information Document or any accompanying application form in such jurisdiction may treat this Scheme Information Document or such application form as constituting 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 this Scheme Information Document does 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 any persons in possession of this Scheme Information Document and any persons wishing to apply for units pursuant to this Scheme Information Document to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction”.

**Subscriptions from Overseas Corporate Bodies (OCBs) in the Scheme of UTI MF will not be accepted**

**Investments by Overseas Corporate Bodies (OCBs)**

Pursuant to the Foreign Exchange Management [Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)] Regulations, 2003, and the consequential amendments made in the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000, OCBs, **cannot** invest, inter alia, in Mutual Fund Scheme.

**‘Overseas Corporate Body’ (OCB)**

As per Regulation 2(xi) of the Foreign Exchange Management (Deposit) Regulations, 2000, ‘Overseas Corporate Body’ means a company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least sixty per cent by Non-Resident Indians (hereinafter referred to as ‘NRIs’) and includes overseas trust in which not less than sixty percent beneficial interest is held by Non-resident Indians (hereinafter referred to as ‘Overseas Trust’) directly or indirectly but irrevocably.

**Holding Basis:** In the event an account has more than one registered holder the first-named Unit holder shall receive the account statements, all notices and correspondence with respect to the account, as well as the proceeds of any Redemption requests or dividends or other distributions. In addition, such holder shall have the voting rights, as permitted, associated with such Units as per the applicable guidelines.

Applicants can specify the ‘mode of holding’ in the prescribed application form as ‘Jointly’ or ‘Anyone or Survivor’. In the case of holding specified as ‘Jointly’, Redemption requests would have to be signed by all joint holders. However, in cases of holding specified as ‘Anyone or Survivor’, any one of the Unit holders will have the power / authority to make Redemption requests, without it being necessary for all the Unit holders to sign. However, in all cases, the proceeds of the Redemption will be paid to the first-named Unit holder.

In case of death / insolvency of any one or more of the persons named in the Register of Unit holders as the joint holders of any Units, the AMC shall not be bound to recognise any person(s) other than the remaining holders. In all such cases, the proceeds of the Redemption will be paid to the first-named of such remaining Unit holders.

**Risk Mitigation process against Third Party Cheques**

**Restriction on Third Party Payments**

Third party payments are not accepted in any of the schemes of UTI Mutual Fund subject to certain exceptions.

“Third Party Payments” means the payment made through instruments issued from an account other than that of the beneficiary investor mentioned in the application form. However, in case of payments from a joint bank account, the first named applicant/investor has to be one of the joint holders of the bank account from which payment is made.

The exceptions, inter-alia, includes:-

Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding ₹50,000/- (each regular purchase or per SIP installment).

Further, this restriction is not applicable for payment made by a guardian whose name is registered in the records of UTI Mutual Fund in that folio.

For further details, please refer to SAI.

**Bank Mandate registration as part of the new folio creation**

In order to reduce the risk of frauds and operational risks and thereby protect the interests of the Unit holders/Investors from fraudulent encashment of redemption/dividend proceeds, Investors are required to submit any of the prescribed documents (along with original document for verification) in support of the bank mandate mentioned in the application form for subscription under a **new folio**, in case these details are not the same as the bank account from which the investment is made.

In case, the application for subscription does not comply with the above requirements, UTI AMC, at its sole and absolute discretion, may reject/not process such application and may refund the subscription amount to the bank account from where the investment was made and shall not be liable for any such rejection/refund.

For further details on documents to be submitted under the process to identify third party payments etc, please refer to SAI.

**Ongoing price for subscription (purchase) / switch-in (from other scheme/plans of the mutual fund) by investors.**

**This is the price you need to pay for purchase/switch-in.**

The face value of a unit is ₹1000/-. Units will be issued in fractions upto four decimal places.

**Purchase on all business days at the applicable NAV.**

**Entry Load – Nil**

The bank draft charges, if any, will have to be borne by the applicant.

**Switching of Units of UTI Mutual Fund (UTI MF) Scheme on BSE Star MF Platform**

In addition to the facility of Purchase and Redemption available on BSE Star MF of Bombay Stock Exchange, the facility of Switching units is available. The request for switch can be given in number of units. For further details refer to SAI.

**Mode of Payment – Cash / Transfer of funds through NEFT/RTGS**

Cash payment to the extent of ₹50,000/- per investor, per Mutual Fund, per financial year through designated branches of Axis Bank will be accepted (even from such small investors who may not be tax payers and may not have Permanent Account Number (PAN)/bank accounts, subject to following the prescribed procedure.

For further details regarding the prescribed procedure, refer to SAI.

**Transfer of funds through National Electronic Funds Transfer (NEFT) / Real Time Gross Settlement (RTGS)**

Investor shall ensure that the payment is made from one of his/her registered bank accounts in the folio. If the name of the remitter/account number from where the amount is remitted is not matching with the registered / to be registered bank accounts details, such remittances shall be treated as third party payments and such applications are liable to be rejected. In such cases, UTI MF will refund the amount to the remitter within 30 business days from the date of receipt of the fund, as per the details made available to UTI MF by the remitting Bank.

**However, for transfer of funds through RTGS, the investment amount shall be ₹2 lacs and above.**

**Ongoing price for redemption (sale) /switch outs (to other scheme/plans of the Mutual Fund) by investors.**

**This is the price you will receive for redemptions/switch outs.**

**Example: If the applicable NAV is ₹ 10, exit load is 2% then redemption price will be:  
 $\text{₹ } 10 * (1 - 0.02) = \text{₹ } 9.80$**

Redemption on all business days at the applicable NAV subject to prevailing exit load.

**Seeding of Aadhaar Number**

Implementation of the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 with respect to seeding of Aadhaar number.

In terms of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, read with the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017, it is mandatory for



investors to submit their Aadhaar number issued by the Unique Identification Authority of India (UIDAI) to UTI Mutual Fund/its Registrar and Transfer Agent/ Asset Management Company ("the AMC") and comply with the following requirements as applicable to them:-

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. Where the Aadhaar number has not been assigned to an investor, the investor is required to submit *proof of application* of enrolment for Aadhaar.

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 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.

If such an individual investor who is not eligible to be enrolled for Aadhaar number, has already submitted the PAN, no further action is required.

ii. Where the investor is a non-individual, apart from the constitution documents, *Aadhaar numbers and PANs* as defined in Income-tax Rules, 1962 of managers, officers or employees or persons holding an attorney to transact on the investor's behalf is required to be submitted. Where an Aadhaar number has not been assigned, *proof of application* towards enrolment for Aadhaar is required to be submitted and 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.

- a) 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, the last date for mandatory submission of Aadhaar in respect of the existing mutual fund folios / accounts, including accounts / folios opened up to March 31, 2018, has been deferred till further notice. Existing unitholders are however encouraged to link their Aadhaar to their mutual fund folio(s).
- b) The submission of Aadhaar Number or proof of enrolment for Aadhaar for new Mutual Fund folios / accounts (i.e. an investor is investing for the first time in UTI Mutual Fund), at the time of account opening, has been deferred till further notice.

### Know Your Customer (KYC)

Investors desiring to invest / transact in mutual fund schemes are required to comply with the KYC norms applicable from time to time.

#### A. For Individual Investors

##### I Central KYC Norms for Individual Investors new to KYC system with effect from 1<sup>st</sup> February 2017

Government of India, vide Gazette notification dated November 26, 2015, had authorized the Central Registry of Securitization and Asset Reconstruction and Security Interest of India (CERSAI), to act and perform the functions of Central KYC Records Registry (CKYCR) including receiving, storing, safeguarding and retrieving the Know Your Client (KYC) records of an investor in digital form.

In terms of the above, the following Norms are applicable with effect from 1<sup>st</sup> February 2017 in case of an Individual investor who is new to the KYC Registration system:-

1. An Individual Investor who is new to KYC Registration system and whose KYC is not registered or verified with any of the Agencies for KYC Registration (KRA), shall use the CKYC form to register their KYC.
2. In case an Individual Investor uses old KRA KYC form, such investor should either fill the new CKYC form or provide additional / missing information in the Supplementary CKYC form.
3. An Individual Investor who has already completed CKYC and has a KYC Identification Number (KIN) from CKYCR, can invest in the Schemes of UTI Mutual Fund by quoting their KIN.

4. In case PAN of an investor is not updated in CKYCR system, the investor shall be required to submit a self certified copy of PAN card at the time of investment
5. The KYC requirements shall be governed by SEBI Circulars / notifications and AMFI Guidelines issued from time to time.

For further details refer to SEBI Circulars No. CIR/MIRSD/66/2016 dated July 21, 2016 and CIR/MIRSD/120/2016 dated November 10, 2016.

- II Existing investors who are KYC compliant before 1<sup>st</sup> January 2012 will have to complete the new KYC requirements and get the IPV done if they wish to deal with any other SEBI registered intermediary other than a Mutual Fund.

### III Aadhaar based e KYC process

Investors can also avail the Aadhaar based e-KYC service offered by UIDAI for KYC verification.

For this purpose, Investors/clients, on voluntary basis, can authorize the Intermediaries registered as KYC User Agency (KUA) with UIDAI to access the client identification and authentication details from UIDAI.

For entering into account based relationship, the Investor/client may provide the following information to the intermediary electronically including through any web enabled device.

- (i) Name
- (ii) Aadhaar number
- (iii) Permanent Account Number (PAN)

The Intermediary shall perform verification of the client with UIDAI through biometric authentication (fingerprint or iris scanning). Mutual Funds can also perform verification of the client with UIDAI through One Time password (OTP) received on client's mobile number or on e-mail address registered with UIDAI provided, the amount invested by the client does not exceed Rs. 50,000 per financial year per Mutual Fund and payment for the same is made through electronic transfer from the client's bank account registered with that Mutual Fund.

After due validation of Aadhaar number provided by the client, the intermediary (acting as KUA) shall receive the KYC information about the client from UIDAI through KSA.

**For further details on e KYC process, refer to SEBI circular dated 22<sup>nd</sup> January 2016**

### IV PAN-Exemption for micro financial products

Only individual Investors (including NRIs, Minors & Sole proprietary firms) who do not have a PAN, and who wish to invest upto Rs.50000/- in a financial year under any Scheme including investments, if any, under SIPs shall be exempted from the requirement of PAN on submission of duly filled in purchase application forms with payment along with KYC application form with other prescribed documents towards proof of identity as specified by SEBI. For all other categories of investors, this exemption is not applicable

#### B. For Non-Individual Investors

Investors have to fill up and sign the KYC application form available on the UTI Mutual Fund's website, [www.utimf.com](http://www.utimf.com) or the website of the KYC Registration Agencies (KRAs) M/s CVL, [www.cvlkra.com](http://www.cvlkra.com); M/s NDML, [www.ndml.in](http://www.ndml.in); M/s DotEx, [www.nseindia.com/supra\\_global/content/dotex/about\\_dotex.htm](http://www.nseindia.com/supra_global/content/dotex/about_dotex.htm); M/s CAMS Investor Services Private Limited and M/s Karvy Data Management Services Ltd. Further details on filling up / submission of KYC Application form are available in SEBI Circular no. MIRSD/SE/Cir-21/2011 dated October 5, 2011.

#### C. For both Individual and Non-Individual Investors

1. Existing investors in mutual funds who have already complied with the KYC requirement are exempt from following the new KYC procedure effective January 01, 2012 but only for the purpose of making additional investment in the Scheme(s) / Plan(s) of any Mutual Fund registered with SEBI
2. For 'KYC-On-Hold' cases, investor need to submit missing information or update pending KYC related information so as to enable AMC to process purchase transaction (whether fresh or additional) and switches
3. In terms of AMFI guidelines, with effect from January 1, 2016,

- (a) to make additional subscription (including switches), it shall be mandatory for all existing investors to provide additional KYC information such as Income details, Occupation, association with politically exposed person, net worth etc. where such information was not provided to KRAs earlier.
- (b) However, SIP and STP already registered till December 31, 2015 in such existing folios are exempted from the above stipulations.

**4. Non-Applicability of KYC guidelines**

The new KYC guidelines shall **not** be applicable to the following categories / transactions:

- The investors falling under the category of Micro Pension (as per the arrangement between UTI AMC with the respective organization/s), who are exempt from the requirement of PAN.
- Investments received from Government bodies/authorities/Departments in favour of beneficiaries identified by them.
- dividend reinvestment
- Existing Systematic Investment Plan (SIP) / Systematic Transfer Investment Plan (STRIP) / Dividend Transfer Plan (DTP) registrations (and similar facilities) including those received till 31st December 2015.

**For further details on KYC requirements to be complied with by the Investors, please refer to SAI.**

**Details under Foreign Account Tax Compliance provisions (commonly known as FATCA) / Foreign Tax Laws and Common Reporting Standard (CRS)**

FATCA is United States (US) Federal Law, aimed at prevention of tax evasion by US citizens and residents (“US persons” as defined in the applicable extant laws of the United States of America) through use of offshore accounts. FATCA provisions are part of Hiring Incentives to Restore Employment (HIRE) Act, enacted by US Legislature. Under FATCA, withholding tax may be levied on certain US source income/receipt of the Schemes of the Mutual Fund, unless they are FATCA compliant.

FATCA obligates foreign financial institutions (FFIs), including Indian financial institutions to provide the US Internal Revenue Service (IRS) with information and to report on the accounts held by specified US Persons as well as passive NFFEs in which controlling interest is held by specified US person. The term FFI is defined widely to cover a large number of non-US based financial service providers, such as mutual funds, depository participants, brokers, custodians, as well as banks. FATCA requires enhanced due diligence processes by the FFI so as to identify US reportable accounts.

The identification of US person will be based on one or more of following “US indicia”-

- Identification of the Account Holder as a US citizen or resident;
- Unambiguous indication of a US place of birth;
- Current US mailing or residence address (including a US post office box);
- Current US telephone number;
- Standing instructions to transfer funds to an account maintained in USA;
- Current effective power of attorney or signing authority granted to a person with a US address; or
- An “in-care of” or “hold mail” address that is the sole address that the Indian Financial Institution has on the file for the Account Holder.

FATCA due diligence will be applicable to each unit holder (including joint holders) irrespective of the country of residence/citizenship, and on being identified as reportable person/specified US person, all folios/accounts will be reported. Such information may include (not limited to) their identity, direct or indirect beneficiaries, beneficial owners and controlling persons. Unit holders will therefore be required to comply with the request of the AMC / Fund to furnish such information as and when deemed necessary by the AMC / Fund in accordance with the Applicable Laws.

FATCA provisions are relevant not only at on-boarding stage of unit holders but also throughout the life cycle of investment with the Mutual Fund. Unit holders therefore should immediately intimate to the Fund/the AMC, any change in their status with respect to FATCA related declaration provided by them previously.

In case unit holder / investor fails to furnish the relevant information and/or documentation in accordance with the Applicable Laws, the AMC / Fund reserves the right to reject the application or redeem the units held

directly or beneficially and may also require reporting of such accounts/levy of withholding tax on payments made to investors. Prospective investors / Unit holders should consult their own advisors to understand the implications of FATCA provisions/requirements. The AMC reserves the right to change/modify the provisions mentioned at a later date.

**Common Reporting Standard (CRS) – The New Global Standard for Automatic Exchange of Information**

On similar lines as FATCA, the Organisation of Economic Development (OECD), along with the G20 countries, of which India is a member, has released a “Standard for Automatic Exchange of Financial Account Information in Tax Matters”, in order to combat the problem of offshore tax evasion and avoidance and stashing of unaccounted money abroad, requiring cooperation amongst tax authorities. The G20 and OECD countries have together developed a Common Reporting Standard (CRS) on Automatic Exchange of Information (AEOI).

All Applicants whose country of tax residence is not India shall fill in the prescribed FATCA & CRS Form.

**AMC reserves right to reject the application in case the applicant / investor fails to submit information /documentation for any of the above.**

Please refer to Instructions given in the FATCA/CRS Form before filling in the particulars and for further details relating to FATCA/CRS, refer to SEBI Circular Nos. CIR/MIRSD/2/2015 dated 26<sup>th</sup> August 2015 & CIR/MIRSD/3/2015 dated 10<sup>th</sup> September 2015.

**Uniform Procedure for Updation / Change of Address & Change / Updation of Bank details**

**A. Updation / Change of address**

Investors are requested to update their change of address within 30 days from the date of change.

In case of Know Your Client (KYC) complied folios, Investors are required to submit the documents to the intermediaries of KYC Registration Agency (KRA), as may be specified by them, from time to time.

For further details on list of documents to be submitted/acceptable etc, please refer to SAI.

**B. Updation/Change of Bank details**

Investors are requested to update/change their bank details using the Form for registration of multiple bank accounts separately and in future, it shall not be accompanied with redemption request. Such request shall be submitted prior to submission of the redemption request. Investors are required to submit self attested copy of the supporting documents, having validity at the time of submission, each towards Proof of Identity and proof of old and new bank accounts for updating /changing the bank details

For further details on documents to be submitted/acceptable in respect of old investments where bank details are not updated, procedural requirements to be completed in respect of investments made in the name of minor child on attaining majority, receiving of dividend/redemption payment in bank account etc, please refer to SAI.

**Non-submission of required documents**

In case of non-submission of required documents as required under A and B aforesaid, UTI Mutual Fund, at its sole and absolute discretion, may reject the transaction or may decide alternate method of processing such requests.

**C. Cooling Period**

In case the change of address and/or Updation /change of bank details are submitted together with the redemption request or standalone request within the period of 3 (Three) months prior to submission of redemption request, the redemption payment will be made after a cooling period of upto 8 business days and in any case within SEBI stipulated 10 business days from the date of such redemption request.

However, in case of redemption requests received with a Change of Address and /or Change of Bank detail, which is not already registered with UTI MF, or change of address/bank details received lesser than 10 business days prior to dividend record date, such new/unregistered address /bank details may not be registered and will not be considered for payment of redemption / dividend proceeds. In such cases, the payment will be made to the last registered bank account, if any or sent to the last registered address.

For further details regarding redemption requests in respect of folios not having registered bank details etc, please refer to SAI.

**Cut off timing for subscriptions/ redemptions/ switches**

**This is the time before which your application (complete in all respects) should reach the official points of acceptance.**

**Applicable NAV**

**Purchase : For Purchases less than ₹2 lacs**

Operation	Cut-off Timing	Applicable NAV
Valid applications received with local cheques / demand drafts payable at par at the place where the application is received.	Upto 3 p.m.	Closing NAV of the day of receipt of the application
Valid applications received with local cheques / demand drafts payable at par at the place where the application is received.	After 3 p.m.	Closing NAV of the next business day.
Valid applications received with outstation cheques / demand drafts not payable at par at the place where the application is received.	Within Business Hours	Closing NAV of the day on which cheque/demand draft is credited to the Scheme/Plan.

**Purchase : For Purchases of ₹2 lacs and above**

Operation	Cut-off Timing	Applicable NAV
The funds are available for utilization before cut off and valid applications received with cheques /demand drafts	Upto 3 p.m.	Closing NAV of the day on which the funds are available for utilization before cut off time shall be applicable irrespective of the time of receipt of the application.

The above mentioned rule will be applicable irrespective of the date of debit to investor's account. ₹2 lacs shall be considered after considering multiple applications received from the investor under all the plans/options of the scheme on the day and also under all modes of investment i.e. additional purchase, Systematic Investment Plan (SIP), Systematic Transfer Investment Plan (STRIP), Switch, etc. The investor will be identified through PAN registered with UTI Mutual Fund.

**Redemption :**

Operation	Cut-off Timing	Applicable NAV
Valid applications received	Upto 3 p.m.	Closing NAV of the day of receipt of the application.
Valid applications received	After 3 p.m.	Closing NAV of the next business day.

**Redemption requests:** Where, under a scheme, units are held under both the Regular and Direct Plans, the redemption/switch request shall clearly mention the plan. If no Plan is mentioned, it would be processed on a first in first out (FIFO) basis considering both the Plans.

**Tax consequences:** Switch / redemption may entail tax consequences. Investors should consult their professional tax advisor before initiating such requests and take an independent decision accordingly.

**Book Closure Period / Record date**

The purchase and redemption of units under the scheme shall remain open on all business days throughout the year except during book closure period/s not exceeding 15 days in a year. Besides, record date/s for any scheme may be announced for distribution of dividend, if any, during the year.

**Where can the applications for purchase/redemption/switches be submitted?**

The details of official points of acceptance are given on the back cover page. It is mandatory for investors to mention their bank account particulars in their applications/requests for redemption.

In addition to the circumstances mentioned in the SAI, the Trustees/AMC shall have the absolute discretion to accept/reject any application for purchase of units, if in the opinion of the Trustees/AMC, increasing the size of the Scheme's Unit Capital is not in the general interest of the unitholders, or the Trustee/AMC for any reason believes it would be in the best interest of the scheme or the unitholder to accept/reject such an application.

### **How to Apply**

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

### **Commercial Transactions (viz. Purchase / Redemption / Switches) through Designated E-mail / Fax**

The facility of carrying out commercial transactions through Designated E-mail / Fax, in units of UTI Mutual Fund Schemes, is available for the following categories of Investors, subject to certain terms and conditions. UTI AMC declares its Designated E-mail / Fax server as one of the Officials Points of Acceptance.

Following investors may transact through designated fax and email, who are KYC (Know Your Client) Compliant:

- (i) a body corporate including a company formed under the Companies Act, 1956/2013 or established under State or Central Law for the time being in force;
- (ii) a bank including a scheduled bank, a regional rural bank, a co-operative bank;
- (iii) an eligible trust;
- (iv) an eligible society;
- (v) any other institution;
- (vi) Army/Navy/Air Force/Paramilitary Fund and
- (vii) Any other category of investors, as may be decided by UTI AMC from time to time.

Only Commercial transactions i.e. Purchase, Redemption and Switches shall be accepted through designated fax and email.

When the investor transacts through designated fax and email, the following additional terms and conditions shall apply to the financial/commercial transactions received through this mode, which shall be irrevocable and binding on the investor:

1. Investor agrees that based on the scanned image of application for purchase, redemption or switches, the transaction will be processed subject to receipt of the subscription amount in case of purchase and subject to signature verification in case of redemption and switches. The receipt of such scanned image by UTI AMC at designated fax or email id shall be deemed sufficient for effecting the transaction without the receipt of original application. Investor further agrees to keep in its records, the original application and provide the original application as and when required by UTI AMC.

2. All transaction requests will be deemed to be valid, where applications, transaction slips, forms, supporting documents are received at the designated fax/email id.

3. The timestamp will get generated and affixed on the transaction request once it is received on the server/system of the UTI AMC.

4. This facility will be provided subject to provisions of cut off timing for applicability of NAV and time stamping requirements, as amended by Securities and Exchange Board of India (SEBI) from time to time and any other applicable laws, rules and regulations as may be enforced from time to time.

For the purpose of determining the applicable NAV in accordance with SEBI (Mutual Funds) Regulations, 1996, the system generated date and time on the transmitted email / fax received at server / system of the UTI AMC and availability of funds for utilization for the same shall be considered.

5. The UTI AMC reserves the right to change/add the Designated fax/email id(s) from time to time.

6. The UTI AMC shall act in good faith and shall take necessary steps in connection with the email/fax requests received regardless of the value involved and the same shall be binding on the investor.

The UTI Mutual Fund (UTI MF), UTI Trustee Company Pvt. Ltd. (Trustee) or UTI AMC will not be held responsible/liable for any loss, if any, suffered by the investor or any other person for processing such transactions.

7. The investor acknowledges that it is in the nature of telecommunication services that transmissions may not be properly received and may be inadvertently read or may be erroneous or made known to unauthorised persons. Investor agrees that all the risks, errors or breaches shall be borne by the investor and the UTI MF, Trustees, UTI AMC shall not be responsible/liable for any claims, liability, loss, damage, cost or expenses arising from such risks, errors or breach of confidentiality.

8. At the request of the investor, UTI AMC is hereby requested and authorised, but is not obliged, to process the transactions as per email/fax submissions received from time to time from investors and otherwise to rely upon and act in accordance with email/ Fax Submission which is signed, or is believed to have been signed by any person authorised by the documents governing the arrangement between the UTI AMC and the Investor.

9. It is further mutually agreed that if any other permission is required under the provisions of law for processing such requests / instructions, the investor shall be solely liable and responsible for any failure to comply with such provisions of laws, rules and regulations. The investor will keep the UTI MF, Trustee, UTI AMC fully absolved and indemnified with respect to any violation of such laws, rules and regulations and consequences thereafter in case of such violation mentioned hereinabove.

10. It is agreed by the parties that the UTI AMC need not confirm (whether orally, in writing or otherwise) any email / fax Submission or verify the identity of the person making or giving or purporting to make or give any email/ fax Submission.

11. Investor agrees that security procedures adopted by UTI AMC may include signature verification, telephonic call backs or a combination of the same, that may be recorded by tape recording device and investor consents to such recording and agrees to co-operate with the UTI AMC to enable confirmation of such electronic transactions. However, the UTI AMC shall be under no duty to prescribe or adopt any procedures for the purpose of such confirmations or verification and any such procedure prescribed or adopted by UTI AMC shall not impose upon the UTI AMC any obligation to adopt or comply with the same in any or every instance.

12. Investor irrevocably and unconditionally agrees to fully indemnify and save harmless the UTI MF, Trustee and the UTI AMC from and against all claims, liability, loss, damage, costs, expenses or any other outgoings incurred by them arising out of or relating to:

(a) UTI AMC acting in good faith, pursuant to, in accordance with or relying upon any email/ fax requests received or UTI AMC not acting/processing or wrong processing of the email / fax requests for any reason.

(b) Any submission received by the UTI AMC that UTI AMC in good faith believes to be a email/fax submission from the investor and

(c) Any unauthorised or fraudulent email/fax request received by the UTI AMC.

### **Transactions through Stock Exchanges**

In addition to the existing facilities, the facility to transact in units of Scheme is available for investors having a demat account through clearing members of National Stock Exchange and Bombay Stock Exchange for accepting Purchase and Redemption transactions and through NSDL and CDSL for accepting Redemption Transactions.

For details of terms and conditions, kindly refer to the Statement of Additional Information.

Further, SEBI Registered Investment Advisors (RIAs) are also allowed to use the infrastructure of the recognised stock exchanges to purchase and redeem mutual fund units directly from Mutual Fund/Assets Management Companies on behalf of their clients, including direct plans.

Investment in the Units of the scheme through SIP route under demat mode also is available.

The facility of conversion of units held in Dematerialisation (Demat) mode into physical by way of Rematerialisation (Remat) for investments held under various options of the Scheme(s) including units held under Systematic Investment Plan (SIP) is available.

For further details please refer to SAI.

#### **Remat Facility**

The facility of conversion of units held in Dematerialisation (Demat) mode into physical by way of Rematerialisation (Remat) for investments held under various options of the Scheme / Plan(s) including units held under Systematic Investment Plan (SIP) is available.

For further details refer to SAI.

#### **Minimum amount for purchase / redemption / switches**

##### **1. Minimum Initial Investment:**

**Regular Plan & Direct Plan** - ₹5,000/- and in multiples of ₹1/- thereafter under both the Plans and Options. The Scheme may change the minimum investment requirements as deemed necessary.

The provision of "Minimum Application Amount", as specified above is not applicable in the case of transaction through Systematic Investment Plan (SIP).

##### **2. Subsequent investment under a folio:**

After having invested minimum amount initially, the amount of subsequent investment under all plans/options is ₹1,000/- and in multiples of ₹1/- thereafter under a folio.

##### **3. Minimum Redemption Amount:**

Minimum amount of redemption is ₹1000/- and in multiples of ₹1/-.

#### **Minimum balance to be maintained and consequences of non maintenance**

Partial redemption under a folio is permitted subject to the unitholder maintaining the prescribed minimum balance to be reckoned with reference to the redemption price applicable as on the date of acceptance of the redemption application. Where the balance amount so calculated is found to be less than the prescribed minimum balance, UTI AMC may compulsorily redeem the entire outstanding holding of the unitholder without any fresh application for redemption of the balance holding and pay the proceeds to the unitholder. Units will be redeemed on First-in-First-Out (FIFO) basis and the unitholder's unitholding account will be debited to that extent. In the case of redemption of a part of the unit holding UTI AMC will issue a fresh statement of account for the balance of units held by the unitholder.

#### **Special Products Available**

##### **Systematic Investment Plan (SIP) - Available**

The minimum amount of each investment for SIP under UTI Ultra Short Term Fund-Regular Plan & Direct Plan is ₹2500/- (for monthly option) and ₹7500/- (for quarterly option) and in multiples of ₹1/-. The load applicable under SIP is the same as that for regular investments for the scheme.

##### **Demat & Remat facility - Available**

Investment in the units of the scheme through SIP route under demat mode also is available.

**In addition to the existing options / facilities available under Systematic Investment Plan (SIP), the following new facilities / options are available:-**



**1. ‘Step up’ facility:**

Under this facility, an Investor can opt for stepping up his SIP amount at specified intervals (Half yearly / Yearly). Upon exercising this option, the SIP debit amount will increase by the amount specified by the Investor at the Intervals opted.

For example, an Investor gives a SIP Mandate for 5 years in Scheme A for an amount of Rs.1,000/- which starts on August 1, 2018 and also opts for this ‘Step up’ facility with the interval frequency as ‘Yearly’ & SIP Step Up amount as Rs.1,000/-. In this case, the SIP will run as under:

SIP Period (Dates)	Regular SIP without ‘Step Up’ facility	With ‘Step Up’ facility of Rs.1,000/- as ‘Step Up’ amount and frequency as ‘Yearly’
From August 1, 2018 to July 31, 2019	Rs.1,000/-	Rs.1,000/-
From August 1, 2019 to July 31, 2020	Rs.1,000/-	Rs. 2,000/-
From August 1, 2020 to July 31, 2021	Rs.1,000/-	Rs. 3,000/-
From August 1, 2021 to July 31, 2022	Rs.1,000/-	Rs.4,000/-
	And So on.....	And So on.....

The Minimum SIP Step Up amount will be Rs.500/- and in multiples of Rs.500/-. If the ‘Step Up’ amount is mentioned and the ‘frequency’ is not mentioned, then the default frequency shall be taken as ‘Yearly’. Similarly, if the ‘frequency’ is mentioned and ‘Step Up’ amount is not mentioned, then the ‘Step Up’ amount shall be considered as Rs.500/-. The detailed terms and conditions are available in the respective Service Request Form.

**2. Facility to switch from one eligible Scheme to another eligible Scheme under SIP facility:**

Under this facility, an Investor can opt to change the eligible scheme during the tenure of the SIP, without having to terminate the existing SIP.

For example, an Investor who had opted for a tenure of 5 years for SIP in Scheme-A, after continuing the SIP for a period of say 3 years, can change the Scheme to Scheme-B for the rest of the period, instead of the existing process of cancelling the SIP Mandate of Scheme-A and giving fresh mandate for Scheme-B. The Scheme/s can be changed multiple times during the tenure of SIP.

Investors may avail this facility any time during the tenure of the SIP. The application for such changes should be submitted at least 15 days prior to the next SIP instalment amount due date.

**3. Any Day SIP:**

Investors can choose any date of his/her preference as SIP Debit Date. If in any month, the SIP Debit Date opted by the Investor is not available (Say, 29th & 30th in February and 31st in case of alternate months), then the SIP Debit Date for those months shall be the last available Business Day in that month.

For further details on the facilities aforesaid, please refer to SAI.

**Systematic Transfer Investment Plan (STRIP)** – UTI Ultra Short Term Fund is a Source Scheme/Destination scheme under STRIP. This facility is available under all Plans / Options of the scheme under STRIP.

**UTI STRIP Advantage** – UTI Ultra Short Term Fund is a source scheme under STRIP Advantage.

**Systematic Withdrawal Plan (SWP)** - Systematic Withdrawal Plan (SWP) is available in the Growth Option / Dividend Payout and Reinvestment Option of UTI Ultra Short Term Fund.

**Dividend Transfer Plan (DTP)** - Available

**Investments through systematic routes:**

(a) In case of Systematic Investment Plan (SIP) / Systematic Transfer Investment Plan (STRIP)/ Dividend Transfer Plans (DTP), registered prior to January 1, 2013, without any distributor code under the Regular Plan of the Scheme, installments falling on or after January 1, 2013 will automatically be processed under the Direct Plan.

The terms and conditions of the existing registered enrolment shall continue to apply.

(b) In case of the following facilities which were registered under the Regular Plan prior to 1<sup>st</sup> January, 2013, the future installments shall continue under the Regular Plan:

- i. All trigger facilities (registered with Distributor Code)
- ii. Systematic Transfer Investment Plan/ facilities (registered with Distributor Code) and
- iii. Dividend Transfer Plans (registered from a folio where investments were made both with Distributor code)

In case such investors wish to invest under the Direct Plan through these facilities, they would have to cancel their existing enrolments and register afresh for such facilities.

**Please refer to Statement of Additional Information (SAI) for further details regarding SIP, STRIP, UTI-STRIP Advantage, SWP, DTP and NEFT/RTGS.**

**MF Utility for Investors**

UTI AMC Ltd has entered into an agreement with MF Utilities India Private Ltd (MFUI) for usage of MF Utility (MFU), a shared service initiative of various Asset Management Companies, which acts as a transaction aggregation portal for transacting in multiple Schemes of various Mutual Funds with a single form and a single payment instrument through a Common Account Number (CAN).

Accordingly, all financial and non-financial transactions pertaining to the Scheme is available through MFU either electronically on [www.mfuonline.com](http://www.mfuonline.com) as and when such a facility is made available by MFUI or physically through authorised Points Of Service ("POS") of MFUI with effect from the respective dates as published on MFUI website against the POS locations. However, all such transactions shall be subject to the eligibility of investors, any terms and conditions and compliance with the submission of documents and procedural requirements as stipulated by UTI MF/UTI AMC from time to time in addition to the conditions specified by MFU, if any.

The online portal of MFUI i.e. [www.mfuonline.com](http://www.mfuonline.com) and the POS locations aforesaid shall act as Official Points of Acceptance (OPAs) in addition to the existing OPAs of the UTI AMC Ltd and any transaction submitted at such POS will be routed through MFUI or as may be decided by UTI AMC. Investors not registered with MFUI also can submit their transactions request by giving reference to their existing folio number. All valid applications received for any other scheme apart from eligible schemes as stated above may be accepted by UTI AMC at its own discretion.

The uniform cut off time as prescribed by SEBI and as mentioned in the SID/KIM of the Scheme shall be applicable for applications received by MFUI. However, in case of investment of ₹ 2 lacs and above, the applicability of NAV will be subject to the date and time of receipt of credit of amount to the specified bank account of AMC.

For further details regarding procedures for obtaining CAN and other particulars about MFU etc, please refer to SAI. Investors may also contact the nearest POS aforesaid for procedures to be complied with in this regard.

**Withdrawal on Events under UTI Ultra Short Term:**

**Withdrawal on Events** - The Unitholders of the Scheme can also benefit from the facilities offered under Withdrawal on Events. These facilities allow the unitholder to specify an event on happening of which the instruction given by the unitholder would be carried out. The investor needs to specify separate and single instruction for each of the transaction carried out with the Fund and the instructions so given shall be operative for the specific transaction.

**(a) Facility to specify Maturity Date** - The Scheme will permit the unitholder to specify, a “maturity date” depending upon the period for which they want to hold the units. The Scheme will automatically initiate action instructed by the Unitholder, at the Applicable NAV on the maturity date specified by the unitholder. If such specified date is not a Business Day, then the instruction shall be effected at the Applicable NAV on the immediate next Business Day.

**(b) Facility to specify Desired Value** - The Scheme will permit the unit holder to specify a “Desired Investment Value” (value of the units held based on the prevalent NAV) on reaching of which, the Scheme will automatically initiate the action instructed by the Unitholder. As and when the value of the units (based on the prevalent NAV per unit) held by the investor reaches the “Desired Investment Value”, the Scheme would automatically initiate action at the Applicable NAV subject to applicable load. This facility can be availed for appreciation or depreciation in the investment value.

**(c) Capital Gains Distribution Facility / Capital Gains Re-investment Facility** – Under this option (available in Growth Option only) all units, as and when they complete requisite period for realisation of long term capital gain will be redeemed at the Applicable NAV.

The units so redeemed would be subtracted from the unit balance of the unit holder. The original amount shall be invested in the Scheme at the same NAV, at which redemption was processed without application of any load. As regards, the capital gains portion, the Unit holder can choose to have the same re-invested in the scheme, at the Applicable NAV on the next business day or distributed to them.

However, being open-ended scheme, unit holders may redeem their units on any other business day.

The Unitholder can opt for the following action to be taken by the fund on happening of the specified event (except for (c) mentioned above)

*i) Option to seek redemption*

Under this option, the specified amount shall be redeemed and the redemption proceeds shall be sent to the unitholder.

*ii) Option to Switch to other Plan within the Scheme or another Specified Scheme of the Mutual Fund*

Under this option, the specified amount shall be switched to other Plan within the Scheme or other scheme specified by UTI AMC. All switch requests shall be governed by the provisions of the transferee Scheme as detailed in the provisions under Switching Option.

*iii) Option to get alerted*

Under this option, the investor may desire to get alerted regarding happening of the specified event. As and when the specified event occurs, an e-mail shall be sent to the unit holder informing him about the same. E-mail address of the investors is a must for this option.

The required action shall be taken at the Applicable NAV, subject to applicable load. In case unitholder fails to specify the choice of the action, the same shall be taken as option to redeem and redemption proceeds shall be paid to the unitholder at the Applicable NAV, subject to applicable load.

Investors desiring to avail any of the above facilities may contact the UFCs for further details.

**Statement of Account (SoA)**

- (a) SoA will be a valid evidence of admission of the applicant into the scheme. However, where the units are issued subject to realisation of cheque/ draft any issue of units to such unitholders will be cancelled and treated having not been issued if the cheque/draft is returned unpaid.
- (b) Every unitholder will be given a folio number which will be appearing in SoA for his initial investment. Further investments in the same name(s) would come under the same folio, if the folio number is indicated by the applicant at the time of subsequent investment. The folio number is provided for better record keeping by the unitholder as well as by UTI AMC.
- (c) The AMC shall issue to the investor whose application has been accepted, an SoA specifying the number of units allotted. UTI AMC shall issue a SoA within 5 business days from the date of acceptance of an application.
- (d) The AMC will issue a Consolidated Account Statement (CAS) for each calendar month to the investor in whose folios transactions has taken place during that month and such statement will be issued on or before the 10<sup>th</sup> day of the succeeding month detailing all the transactions and holding at the end of month including transaction charges paid to the distributor, if any, across all scheme of all mutual funds.

Further, CAS as above, will also be issued to investors (where PAN details of 1<sup>st</sup> holder are available) every half yearly (September/March), on or before the 10<sup>th</sup> day of succeeding month detailing holding at the end of the sixth

month, across all scheme of all mutual funds, to all such investors in whose folios no transactions has taken place during that period.

The word "transaction" for the purposes of CAS would include purchase, redemption, switch, dividend payout, dividend reinvestment, Systematic Investment Plan (SIP), Systematic Withdrawal Plan (SWP), Systematic Transfer of Investment Plan (STRIP), and merger, if any.

For further details on other Folios exempted from issuance of CAS, PAN related matters of CAS etc, please refer to SAI.

**CAS for Demat Accounts**

- (e) Pursuant to SEBI Circular no.CIR /MRD /DP /31/2014 dated November 12, 2014 requiring Depositories to generate and dispatch a single consolidated account statement for investors having mutual fund investments and holding demat accounts, the following modifications are made to the existing guidelines on issuance of CAS -
  - a. Such Investors shall receive a single Consolidated Account Statement (CAS) from the Depository.
  - b. Consolidation shall be done on the basis of Permanent Account Number (PAN). In case of multiple holding, it shall be PAN of the first holder and pattern of holding.
  - c. In case an investor has multiple accounts across two depositories, the depository with whom the Demat account has been opened earlier will be the default depository which will consolidate the details across depositories and MF investments and dispatch the CAS to the investor.
  - d. The CAS will be generated on monthly basis.
  - e. If there is any transaction in any of the Demat accounts of the investor or in any of his mutual fund folios, depositories shall send the CAS within ten days from the month end. In case, there is no transaction in any of the mutual fund folios and demat accounts, then CAS with holding details shall be sent to the investor on half yearly basis.
  - f. The dispatch of CAS by the depositories shall constitute compliance by UTI AMC/ UTI Mutual Fund with the requirements under Regulation 36(4) of SEBI (Mutual Funds) Regulations, 1996.

For further details on other Folios exempted from issuance of CAS, PAN related matters of CAS etc, please refer to SAI.

- (f) For those unit holders who have provided an e-mail address/mobile number:-

The AMC shall continue to allot the units to the unit holders whose application has been accepted and also send confirmation specifying the number of units allotted to the unit holders by way of e-mail and/or SMS to the unit holder's registered e-mail address and/or mobile number as soon as possible but not later than five business days from the date of receipt of the request from the unit holders.

The unit holder will be required to download and print the SoA/other correspondences after receiving e-mail from the Mutual Fund. Should the Unit holder experience any difficulty in accessing the electronically delivered SoA/other correspondences, the Unit holder shall promptly advise the Mutual Fund to enable the Mutual Fund to make the delivery through alternate means. Failure to advise UTI Mutual Fund of such difficulty within 24 hours after receiving the e-mail, will serve as an affirmation regarding the acceptance by the Unit holder of the SoA/other correspondences.

It is deemed that the Unit holder is aware of all securities risks including possible third party interception of the SoA/other correspondences and the content therein becoming known to third parties.

Under no circumstances, including negligence of the Unit Holder, shall the Mutual Fund or anyone involved in creating, producing, delivering or managing the SoA of the Unit Holder, be liable for any direct, indirect, incidental, special or consequential damages that may result from the use of or inability to use the service or out of the breach of any warranty. The use and storage of any information including, without limitation, the password, account information, transaction activity, account balances and any other information available on the Unit holder's personal computer is at risk and sole responsibility of the Unit holder.

The unitholder may request for a physical account statement by writing/calling the AMC/R&T.

**(g) Additional disclosures in CAS**

1. Each CAS issued to the investors shall also provide the total purchase value / cost of investment in each scheme.
2. Further, CAS issued for the half-year (ended September/ March) shall also provide:-
  - a. The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme. The term 'commission' here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors.  
  
Further, a mention will be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as service tax (wherever applicable, as per existing rates), operating expenses, etc.
  - b. The scheme's average Total Expense Ratio (in percentage terms) for the half-year period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in.
3. Such half-yearly CAS shall be issued to all the Scheme's investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.
4. The aforesaid information will be provided in the CAS in line with the format indicated by SEBI

For further details, refer to SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/89 dated September 20, 2016.

**Friend in Need**

"Friend in Need" facility is introduced for the Individual investors (Resident as well as Non-resident) of UTI MF under all the schemes, whereby there is an option to furnish the contact details including name, address, relationship, telephone number and email ID of any person other than the applicant/s and nominee. This will facilitate obtaining the latest contact details of the investors, if UTI MF is unable to establish contact with the investors.

For further details, please refer to SAI.

**Dividend**

The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.

In case of funds received through Cash Payment mode, the dividend proceeds shall be remitted only to the designated bank account.

In case of delay in payment of dividend amount, The Asset Management Company shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

**Redemption**

The redemption or repurchase proceeds shall be dispatched to the unitholders within 10 business days from the date of redemption.

In case of funds received through Cash Payment mode, the redemption or repurchase proceeds shall be remitted only to the designated bank account.

**Restriction on redemption of units**

Further to the possibility of delays in redemption of units under certain circumstances as stated in the aforesaid paragraphs relating to "Risk factors", the following points relating to restrictions on redemption of units may be noted:-

1. Restrictions on redemption of units 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 affecting almost all securities rather than any issuer specific security
  - (ii) Market failures, exchange closures etc
  - (iii) Operational issues – when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out).
2. Restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period.
3. Restriction will be imposed after obtaining the approvals of the Boards of AMC and the Trustees
4. 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.

For further details in this regard, please refer to SAI.

**Exit load on death of an unitholder:**

In the case of the death of an unitholder, no exit load (if applicable) will be charged for redemption of units by the claimant under certain circumstances and subject to fulfilling of prescribed procedural requirements. For further details regarding settlement of claim refer to SAI.

**Delay in payment of redemption proceeds**

The Asset Management Company shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

**Rollover Facility**

Rollover facility offers a facility to unitholders to redeem entire or a part of their outstanding unit holding and simultaneously investing the entire proceeds or upto face value of units redeemed on the rollover date at the same NAV in the same scheme. No deferred sales charge will be required to be paid on redemption proceeds to the extent of amount invested under the rollover facility. This facility enables the unitholders to recognise the capital appreciation as income/gain in their books periodically in a tax efficient manner. A SoA covering both the transactions, purchase as well as redemption on the rollover date will be issued to the unitholders.

**Changeover/Switchover**

Unitholders under the scheme may be permitted to changeover from Dividend Option to Growth Option or vice versa at NAV / NAV based price at such periodicity and on such date(s) as may be decided by UTI AMC from time to time. Partial changeover in such cases is not allowed.

**Minimum Investment amount under the Direct Plan:**

In case of already existing investments under the Regular Plan, if the investor wants to further invest in the Direct Plan he/she will be required to invest the minimum investment amount of the scheme, as applicable for that Scheme/Plan/Option/facility etc. However, this minimum investment amount requirement is not applicable in case of switchover from Regular Plan to Direct Plan or vice versa under the same Scheme and same Option.

UTI AMC may also permit the unitholders to switchover their investment partially or fully to any other scheme/s of UTI MF or vice versa as may be allowed from time to time on such terms as may be announced. In case of partial switchover from one scheme to the other scheme/s, the condition of holding minimum investment prescribed under both the schemes has to be satisfied.

**Transfer / Pledge / Assignment of Units**

**Transferability of units held in Dematerialised form**

Units of the scheme held in dematerialised form shall be freely transferable from one demat account to another demat account. For details of terms and conditions governing such transferability of units, kindly refer to the Statement of Additional Information.

**For UTI Ultra Short Term Fund**

1. Units issued under the scheme is not transferable.
2. Units issued under the scheme are not transferable/pledgeable/assignable.

Further details given in the SAI.

**Transfer/Pledge/Assignment of Units**

The facility of Pledge/Assignment of units issued in both dematerialized (Demat) and Physical form and Transfer of Units held under Physical mode for lien marked cases, for all Plans/Options of the Scheme, is allowed.

Units of the Scheme held in Demat form are also transferable from one Demat account to another Demat account. The Unit holders may transfer units held under Physical form and pledge/assign units issued both under Demat and Physical form, only in favour of scheduled banks, financial institutions or any other body approved by the UTI Mutual Fund.

Units can be pledged/assigned by completing the requisite forms and formalities, as may be required from time to time.

**Transmission of the Units**

If a transferee becomes a holder of the Units by operation of law, or upon enforcement of a pledge, or due to the death, insolvency or winding up of the affairs of a sole holder or the survivors of a joint holder, then subject to the production of evidence which in the opinion of the Mutual Fund is sufficient, the Mutual Fund will effect the transfer if the intended transferee is otherwise eligible to hold the Units. Units shall be transmitted in favour of the surviving jointholder(s) upon the execution of suitable indemnities in favour of the mutual fund and the Asset Management Company by the surviving jointholder(s).

**Disclaimer :** Transmission of units / payment of sums standing to the credit of the deceased unitholder in favour of the surviving unitholders shall discharge the mutual fund and the Asset Management Company of all liability towards the estate of the deceased unitholder and his / her successors and legal heirs. Further, if either the mutual fund or the Asset Management Company incur any loss whatsoever arising out of any litigation or harm that it may suffer in relation to the transmission, they will be entitled to be indemnified absolutely from the deceased unitholder's estate.

**(i) Transfer/Pledge/Assignment of Units under UTI Ultra Short Term Fund**

The facility of Pledge/Assignment of units issued in both dematerialized (Demat) and Physical form and Transfer of Units held under Physical mode for lien marked cases, for all Plans/Options of the Scheme, is allowed.

Units of the Scheme held in Demat form are also transferable from one Demat account to another Demat account. The Unit holders may transfer units held under Physical form and pledge/assign units issued both under Demat and Physical form, only in favour of scheduled banks, financial institutions or any other body approved by the UTI Mutual Fund.

Units can be pledged/assigned by completing the requisite forms and formalities, as may be required from time to time.

**(ii) Transmission of the Units**

If a transferee becomes a holder of the Units by operation of law, or upon enforcement of a pledge, or due to the death, insolvency or winding up of the affairs of a sole holder or the survivors of a joint holder, then subject to the production of evidence which in the opinion of the Mutual Fund is sufficient, the Mutual Fund will effect the transfer if the intended transferee is otherwise eligible to hold the Units. Units shall be transmitted in favour of the surviving jointholder(s) upon the execution of suitable indemnities in favour of the mutual fund and the Asset Management Company by the surviving jointholder(s).

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**(iii) Listing**

Being an open ended Scheme under which purchase and redemption of Units will be made on continuous basis by the Mutual Fund, the Units of the Scheme is not proposed to be listed on any stock exchange. However, the Mutual Fund may at its sole discretion list the Units under the Scheme on one or more stock exchanges at a later date.

**Requirement for admission into the scheme**

**Application under Power of Attorney:**

If any application form is signed by a person holding a power of attorney empowering him to do so, the original power of attorney or an attested copy of the same, should be submitted along with the application, unless the power of attorney has already been registered in the books of the Registrar.

Please refer SAI for further details.

**B. PERIODIC DISCLOSURES**

<p><b>Net Asset Value</b> 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.</p>	<p>The Mutual Fund shall declare the Net asset value separately for different options of the Plans by 9 p.m. on every business day on website of UTI Mutual Fund, <a href="http://www.utimf.com">www.utimf.com</a>. and AMFI's web-site <a href="http://www.amfiindia.com">www.amfiindia.com</a>.</p> <p>The NAV shall be calculated for all business days and published in atleast two daily newspapers having nationwide circulation on every business day.</p>
<p><b>Monthly Portfolio Disclosure</b></p>	<p>The Mutual Fund shall disclose portfolio (along with ISIN) as on the last day of the month for all its schemes on its website on or before the tenth day of the succeeding month in a user-friendly and downloadable format.</p> <p>The format for monthly portfolio disclosure shall be the same as that of half yearly portfolio disclosures.</p> <p>The Mutual Fund shall also disclose additional information (such as ratios etc) subject to compliance with the SEBI Advertisement Code.</p>
<p><b>Disclosure of Assets Under Management</b></p>	<p>The Mutual Fund shall disclose the following on monthly basis, in the prescribed format, on its website and also share the same with Association of Mutual Funds in India (AMFI):</p> <ol style="list-style-type: none"> <li>AUM from different categories of schemes such as equity scheme, debt scheme, etc.</li> <li>Contribution to AUM from B-30 cities (i.e. other than top 30 cities as identified by AMFI) and T-30 cities (Top 30 cities).</li> <li>Contribution to AUM from sponsor and its associates.</li> <li>Contribution to AUM from entities other than sponsor and its associates.</li> <li>Contribution to AUM from investors type (retail, corporate, etc.) in different scheme type (equity, debt, ETF, etc.).</li> </ol> <p>In order to have a holistic picture, Mutual Fund wise and consolidated data on the above parameters shall also be disclosed on AMFI website in the prescribed format.</p>
<p><b>Half Yearly Disclosure : Portfolio / Financial Results</b></p>	<p>The Mutual Fund shall within one month from the close of each half year, (i.e. 31st March and 30th September), host a soft copy of its unaudited financial results on its website.</p> <p>The Mutual Fund shall publish an advertisement disclosing the</p>



	<p>hosting of such financial results on the website, in atleast two newspaper one national English daily newspaper having nationwide circulation and one in a newspaper having wide circulation published in the language of the region where the Head Office of UTI MF is situated.</p> <p>The Mutual Fund shall also, within one month from the close of each half year, (i.e. 31st March and 30<sup>th</sup> September), publish by way of an advertisement a complete statement of its scheme portfolio in one English daily circulating in the whole of India and in a newspaper published in the language of the region where the head office of UTI MF is situated.</p>
<p><b>Additional Disclosure :</b></p>	<p>The Mutual Fund shall, in addition to the total commission and expenses paid to distributors, make additional disclosures regarding distributor-wise gross inflows, net inflows, AAUM and ratio of AUM to gross inflows on its website on an yearly basis.</p> <p>In case, the data mentioned above suggests that a distributor has an excessive portfolio turnover ratio, i.e., more than two times the industry average, the AMC shall conduct additional due-diligence of such distributors.</p> <p>The Mutual Fund shall also submit the data to AMFI and the consolidated data in this regard shall be disclosed on AMFI website.</p>
<p><b>Annual Report</b></p>	<p>An abridged annual report in respect of the scheme shall be mailed to the unitholders not later than four months from the date of closure of the relevant accounting year and the full annual report shall be made available for inspection at UTI Tower, Gn Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051. A copy of the full annual report shall also be made available to the unitholders on request on payment of nominal fee, if any.</p>
<p><b>Disclosures of Votes Cast by the Mutual Funds</b></p>	<ol style="list-style-type: none"> <li>a. The AMC shall record and disclose, in the prescribed format, specific rationale supporting its voting decision (for, against or abstain) with respect to each vote proposal on matters relating to Corporate governance, changes to capital structure, stock option plans, social &amp; corporate responsibility issues, appointment of Directors and their removal etc as stated in SEBI Circular SEBI/IMD/CIR No 18/198647/2010 dated March 15, 2010.</li> <li>b. The AMC shall additionally publish in the prescribed format summary of the votes cast across all its investee company and its break-up in terms of total number of votes cast in favor, against or abstained from.</li> <li>c. The AMC shall disclose votes cast on their website on a quarterly basis, in the prescribed format, within 10 working days from the end of the quarter. The AMC shall continue to disclose voting details in its annual report.</li> <li>d. Further, on an annual basis, the AMC shall obtain certification from a “scrutinizer” appointed in terms of Companies (Management and Administration) Rules, 2014 on the voting reports disclosed. The same shall be submitted to the trustees and also disclosed in the relevant portion of the Mutual Funds’ annual report &amp; website.</li> <li>e. The Boards of AMC and Trustees shall review and ensure that the AMC has voted on important decisions that may affect the interest of investors and the rationale recorded for vote decision is prudent and adequate. The confirmation to the same, along with any adverse comments made by the scrutinizer, shall be</li> </ol>





	Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051. Tel : 022-6678 6666, Fax: 022-2652 3031  Investors may post their grievances at our website: <a href="http://www.utimf.com">www.utimf.com</a> or e-mail us at <a href="mailto:service@uti.co.in">service@uti.co.in</a> .
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**C. COMPUTATION OF NAV**

- (a) The Net Asset Value (NAV) of the scheme shall be calculated by determining the value of the scheme’s assets and subtracting therefrom the liabilities of the scheme taking into consideration the accruals and provisions.
- (b) The NAV per unit of a scheme shall be calculated by dividing the NAV of the scheme by the total number of units issued and outstanding on the valuation day for the scheme. The NAV shall be rounded off upto four decimal places for the scheme. NAV shall be declared separately for the different Plans and options of the scheme.

NAV of the Units under the Scheme shall be calculated as shown below:-

$$\text{NAV} = \frac{\text{Market or Fair Value of Scheme's investments} + \text{Current Assets} - \text{Current Liabilities and Provision}}{\text{No of Units outstanding under Scheme on the Valuation Date}}$$

The NAV under the Scheme would be rounded off to 4 decimals and Units will be allotted upto four decimal places or such other formula as may be prescribed by SEBI from time to time.

- (c) A valuation day is a day other than (i) Saturday and Sunday (ii) a day on which both the stock exchanges (BSE and NSE) and the banks in Mumbai are closed (iii) a day on which the purchase and redemption of units is suspended. If any business day in UTI AMC, Mumbai is not a valuation day as defined above then the NAV will be calculated on the next valuation day and the same will be applicable for the previous business day’s transactions including all intervening holidays.
- (d) The NAVs shall be published atleast in two daily newspapers having nationwide circulation on every business day and will also be available by 9 p.m. on every business day on the website of UTI Mutual Fund [www.utimf.com](http://www.utimf.com) and website of AMFI [www.amfiindia.com](http://www.amfiindia.com).

**IV. FEES AND EXPENSES**

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

**A. ANNUAL SCHEME RECURRING EXPENSES**

- (a) These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents’ fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that upto 2.25% of the daily net assets of the scheme will be charged to the scheme as expenses. The current expense ratios would be updated on the website of UTI Mutual Fund at least three working/business days prior to the effective date of the change. Investors can refer <https://www.utimf.com/forms-and-downloads/> for Total Expense Ratio (TER) details.

Particulars	% of Net Assets
	Regular Plan
Investment Management and Advisory Fees	Up to 2.25%
Trustee Fee	
Audit Fees	
Custodian Fees	
RTA Fees	

Marketing and Selling expense including agent commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and dividend redemption cheques and warrants	
Costs of statutory Advertisements	
Cost towards investor education and awareness (at least 2 bps)	
Brokerage and transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp.	
Goods and Services Tax on expenses other than investment and advisory fees	
Goods and Services Tax on brokerage and transaction cost	
Other Expenses	
<b>Maximum total expense ratio (TER) permissible under Regulations 52 (6) (c)</b>	Up to 2.25%
Additional expenses under regulation 52(6A) (c)	Up to 0.20%
Additional expenses for gross new inflows from specified cities under Regulation 52(6A)(b)	Up to 0.30%

**Note:** Direct Plan (investment not routed through a distributor) shall have a lower expense ratio excluding distribution expenses, commission etc. and no commission shall be paid from such Plan. Portfolio of the Scheme under the Regular Plan and Direct Plan will be common.

Atleast 5% of the TER is charged towards distribution expenses/commission in the Regular Plan. The TER of the Direct Plan will be lower to the extent of the above mentioned distribution expenses/commission (atleast 5%) which is charged in the Regular Plan. For example in the event the TER of the Regular Plan is 1% p.a, the TER of the Direct Plan would not exceed 0.95% p.a.

The purpose of the table is to assist the investor in understanding the various costs and expenses that an investor in the scheme will bear directly or indirectly. 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. Types of expenses charged shall be as per the SEBI (MFs) Regulations.

- (b) The total annual recurring expenses of the scheme excluding redemption expenses but including the investment management and advisory fees shall be subject to the following limits:

Daily Net Assets of the scheme	% of Net Assets
On the first ₹100 crore	2.25%
On the next ₹300 crore	2.00%
On the next ₹300 crore	1.75%
On the balance of the assets	1.50%

**(c) Total Expense ratio (TER) and Additional Total Expenses:**

**(i) Charging of additional expenses based on new inflows from beyond 30 cities**

1. Additional TER shall be charged upto 30 bps on daily net assets of the scheme if the new inflows from beyond top 30 cities (as per SEBI Regulations/Circulars/AMFI data) are at least (a) 30% of gross new inflows in the scheme or (b) 15% of the Average Assets under Management (AAUM) (year to date) of the scheme, whichever is higher. The additional TER on account of inflows from beyond top 30 cities so charged shall be clawed back in case the same is redeemed within a period of 1 year from the date of investment. The same can be used only for distribution expenses on account of new inflows from beyond top 30 cities.
2. In case inflows from beyond top 30 cities is less than the higher of (a) or (b) above, additional TER on daily net assets of the scheme shall be charged as follows:

Daily net assets X 30 basis points X New inflows from beyond top 30 cities

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365\* X Higher of (a) or (b) above

\* 366, wherever applicable.

3. Additional expenses, not exceeding 0.20 per cent of daily net assets of the scheme, shall be charged towards Investment Management and Advisory fees charged by the AMC ('AMC fees') and for recurring expenses (like custodian fees, audit fees, expenses for Registrars services etc) charged under different heads as mentioned under SEBI Regulations.
4. The 'AMC fees' charged to the scheme with no sub-limits will be within the TER as prescribed by SEBI Regulations.
5. In addition to the limits indicated above, brokerage and transaction costs not exceeding
  1. 0.12 % in case of cash market transactions, and
  2. 0.05 % in case of derivatives transactions

shall also be charged to the scheme/plans. Aforesaid brokerage and transaction costs are included in the cost of investment which are incurred for the purpose of execution of trade. Any payment towards brokerage and transaction cost, over and above the aforesaid brokerage and transaction costs shall be charged to the scheme/plans within the maximum limit of 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 cost, if any) shall be borne by the AMC or by the Trustee or Sponsors

**(ii) Goods and Services Tax (GST)**

1. UTI AMC shall charge GST on investment and advisory fees to the scheme in addition to the maximum limit of TER.
2. GST on other than investment and advisory fees, if any, shall be borne by the scheme within the maximum limit of TER.
3. GST on exit load, if any, shall be paid out of the load proceeds. Exit load, net of GST, if any, shall be credited to the scheme.
4. GST on brokerage and transaction cost paid for asset purchases, if any, shall be within the limit prescribed under SEBI Regulations.

**(iii) Investor Education and Awareness**

UTI Mutual Fund (UTI MF) shall annually set apart atleast 2 bps on daily net assets within the maximum limit of TER for investor education and awareness initiatives.

**(iv) Illustration of impact of expense ratio on scheme's returns**

Simple illustration to describe the impact of the expense ratio on returns of the scheme.

A	Amount invested (Rs.)	10,000
B	Gross returns - assumed	14%
C	Closing NAV before expenses (Rs.)	11400
D	Expenses (Rs.)	200
E	Total NAV after charging expenses (C-D)	11200
F	Net returns to investor	12%

- As per SEBI Regulation expenses are charged to the scheme on daily basis on daily net assets and as per percentage limits specified by SEBI.
- The illustration is to simply describe the impact of expenses charged to the Scheme on schemes returns and should not be construed as providing any kind of investment advice or guarantee of returns on investments.
- The above calculations are based on assumed NAVs, and actual returns on investment would be different

**B. LOAD STRUCTURE FOR ALL CLASSES OF INVESTORS**

- (1) Load is an amount which is paid by the investor 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.

Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC [www.utimf.com](http://www.utimf.com) or call at 1800 22 1230 (toll free number) or (022) 2654 6200 (non toll free number) or your distributor.

**Entry / Exit Load for the Scheme**

**Entry Load (as % of NAV): NIL**

In accordance with the requirements specified by the SEBI circular no. SEBI/IMD/CIR No./168230/09 dated June 30, 2009 no entry load will be charged for purchase/additional purchase/switch-in accepted by the Fund. Similarly, no entry load will be charged with respect to applications for registrations under Systematic Investment Plans/ Systematic Transfer Investment Plans accepted by the Fund.

**Exit Load: NIL**

Switch in/out, Systematic Investment Plan (SIP), Systematic Transfer Plan (STRIP), UTI-STRIP Advantage and Systematic Withdrawal Plan (SWP) will also attract Load like regular Purchases and Redemption.

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

**For any change in load structure, AMC will issue an addendum and display it on the website/UTI Financial Centres.**

**(2) Transaction charges**

Pursuant to SEBI circular no. CIR/IMD/DF/13/2011 dated August 22, 2011, a transaction charge of ₹100/- for existing investors and ₹150/- in the case of first time investor in Mutual Funds, per subscription of ₹10,000/- and above, respectively, is to be paid to the distributors of UTI Mutual Fund products. However, there shall be no transaction charges on direct investment/s not made through the distributor/financial advisor etc.

There shall be no transaction charge on subscription below ₹10,000/-.

In case of SIPs, the transaction charge shall be applicable only if the total commitment through SIPs amounts to ₹10,000/- and above. In such cases, the transaction charge shall be recovered in 3-4 instalments.

The transaction charge, if any, shall be deducted by UTI AMC from the subscription amount and paid to the distributor and the balance shall be invested. Allocation of Units under the scheme will be Net of Transaction Charges. The Statement of Account (SoA) would also reflect the same.

If the investor has not ticked in the Application form whether he/she is an existing/new investor, then by default, the investor will be treated as an existing investor and transaction charges of ₹100/- will be deducted for investments of ₹10,000/- and above and paid to distributor/financial advisor etc., whose information is provided by the investor in the Application form. However, where the investor has mentioned 'Direct Plan' against the scheme name, the Distributor code will be ignored and the Application will be processed under 'Direct Plan' in which case no transaction charges will be paid to the distributor.

**Opt in/Opt out by Distributors:**

Distributors shall be able to choose to opt out of charging the transaction charge. However the 'opt out' shall be at distributor level and not at investor level i.e., a distributor shall not charge one investor and choose not to charge another investor.

Distributors shall also have the option to either opt in or opt out of levying transaction charge based on category of the product. The various category of product are as given below:

Sr. No.	Category of product
1	Liquid/ Money Market Schemes
2	Gilt Schemes
3	Debt Schemes
4	Infrastructure Debt Fund Schemes
5	Equity Linked Saving Schemes (ELSS)
6	Other Equity Schemes
7	Balanced Schemes
8	Gold Exchange Traded Funds
9	Other Exchange Traded Funds
10	Fund of Funds investing Overseas
11	Fund of Funds – Domestic

Where a distributor does not exercise the option, the default Option will be Opt-out for all above categories of product. The option exercised for a particular product category will be valid across all Mutual Funds.

The ARN holders, if they so desire, can change their option during the special two half yearly windows available viz. March 1st to March 25th and September 1st to September 25th and the new option status change will be applicable from the immediately succeeding month.

Upfront commission, if any, on investment made by the investor, shall be paid directly by the investor to the AMFI registered Distributors based on the investors' assessment of various factors including the service rendered by the distributor.

- (3) Any imposition or enhancement of exit load shall be applicable on prospective investments only. The AMC shall not charge any load on issue of units allotted on reinvestment of dividend for existing as well as prospective investors.

At the time of changing the exit load, the Mutual Fund shall consider the following measures to avoid complaints from investors about investment in the scheme without knowing the exit load:

- (i) The addendum detailing the changes shall be attached to the Scheme Information Document and Key Information Memorandum. The addendum shall 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 shall be made to display the addendum in the scheme information document in the form of a notice in all the official points of acceptance 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 shall 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 the region where the Head Office of the Mutual Fund is situated.
- (v) Any other measures which the Mutual Fund may feel necessary.

**V. RIGHTS OF UNITHOLDERS**

Please refer to SAI for details.

**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**

**Status of the information in this regard as furnished by the respective sponsors mentioned below is provided as under:**

1. In case of Indian Sponsor(s), 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 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.

**(a) Penalties imposed against Life Insurance Corporation of India (Amount in ₹):-**

Penalties imposed by IRDA

**A. The following penalties were imposed by IRDA against LIC for the year 2014-15 on its Inspection as per the following details:-**

Particulars of Inspection observations	Penalty levied by IRDA-Amount	Status of payment of penalty
<ul style="list-style-type: none"> <li>Instances were noticed wherein filled in proposal forms were altered without necessary authentication from the proposers</li> <li>Policies issued with terms and conditions other than as applied by the Proposers</li> <li>Policies are split and more than one policy issued under a single proposal</li> </ul>	Penalty of Rs 5 Lacs under S.102(b) of the Act imposed	Paid
All equity investment in a single Investee company (from all funds of the corporation) cannot be more than 10% of outstanding shares (face value) of the Investee company	Penalty of Rs 5 lacs imposed on the Insurer under S.102(b) of the Act	Paid

Penalties, pending litigation or proceedings, findings of inspections or investigations for which action may have been taken or is in process of being taken by IRDAI for the year 2016-17 - Nil

**B. Penalties Paid in respect of Service Tax**

Financial Year	Amount in (lacs)
2014-2015	55.94
2015-2016	0.83
2016-2017	87.03

**Details of Pending Litigation in respect of Income Tax as on 31.03.2017**

Sr. No.	Financial Year	Issue	Tax Amount Involved (Rs. In Crores)
1	2006-07	Income tax on shareholders Account	3.58
2	2007-08	Income tax on shareholders Account	5.31
3	2008-09	Income tax on shareholders Account	9.57
4	2009-10	Income tax on shareholders Account	9.94
5	2011-12	Income tax on shareholders Account	11.30
6	2012-13	Income tax on shareholders Account	10.90
7	2013-14	Income tax on shareholders Account	33.96
8	2014-15	Income tax on shareholders Account	32.53
9	2015-16	-	Assessment not done
10	2016-17	-	Assessment not done
		<b>Total</b>	<b>117.09</b>

**Details of Penalties paid in respect of Income Tax**

Sr. No.	Paid in Financial Year	Issue	Amount (Rs. In Lacs)
1	2013-14	Income tax penalty	3.47
2	2014-15	Income tax penalty	44.91
3	2015-16	Income tax penalty	37.62
4	2016-17	Income tax penalty	294.86
		<b>Total</b>	<b>380.86</b>

**Details of Contingent Liability as on 31.03.2017**

Show cause notice	Particulars	Amount in (Rs.)	Pertaining to the financial Year
DCGEI/MZU/I&IS'D' 12(3)96/2012/9314 DATED 17.10.2012	Service tax on Agents travelling, conference and training expense	27,19,14,674	2007-2008 to 2011-2012
949/COMMR/DNI/ST-I/MUMBAI/2013-2014 DATED 22.10.2013	Service tax on Agents travelling, conference and training expense for the F.Y. 2012-2013	8,46,20,237	2012-2013
06/COMMR/DN.VI/ST II/MUMBAI/2014-15 DATED 3.3.2015	Service tax on Agents travelling, conference and training expense for the F.Y. 2013-2014	16,56,93,919	2013-2014
COMMR/ST-II/DNVI/84 DATED 15.12.2015	Service tax on Agents travelling, conference and training expenses for the F.Y. 2014-2015	10,47,41,452	2014-2015
1148/COMMR/2013-2014 DATED 25.3.2014	Service tax on the taxable services classifiable under the category of Banking & Financial Services to the borrowers in the CBLO market	98,90,05,851	2008-2009 to 2012-2013
08/COMMR/DN VI/ST II/MUMBAI/ 2014-2015 DATED 10.03.2015	Service tax on the taxable services classifiable under the category of Banking & Financial Services to the borrowers in the CBLO market	46,45,53,507	2013-2014
COMMR/ST-II/Divn 6/82/2015-16 DATED 04.12.2015	Service tax on the taxable services classifiable under the category of Banking & Financial Services to the borrowers in the CBLO market	36,66,45,734	2014-2015
O.I.O No.2/SK/DC/ST-II/DIVN6/2015-16 DATED 08.02.2016	Service tax on Alteraion and Assignment fees	7,30,426	2011-2012 to 2013-2014
1299/COMMR/2014-15 DATED 11.7.2014	Interest for delay in payment of service tax wherein service tax is paid on adjustment of proposal deposit into premium and not on the receipt of the proposal deposit	15,18,34,710	2009-2010 to 2013-2014

COMMR/ST-II/DNVI/93/2015-16 DATED 28.03.2016	Interest for delay in payment of service tax wherein service tax is paid on adjustment of proposal deposit into premium and not on the receipt of the proposal deposit	1,74,85,618	2014-2015
V/ST-I/DN-I/GR VIIA/LIC/35/2014 DATED 21.07.2014	Interest on delayed payment of service tax on filing of final service tax returns	44,04,79,845	2008-2009 to 2011-2012
Order no.2/ST/RN/COMMR/M-II/14-15 DATED 30.1.2015	Reversal of Cenvat credit relating to investment portion treated as exempted services	11,68,65,080	2008-2009 to 2012-2013
ADX/ST-11/DNVI/34/2015-16 DATED 20.04.2015	Reversal of Cenvat credit in respect of J&K	35,53,134	2013-2014
ADX/ST-11/DNVI/65/2016-17 DATED 07.07.2016	Reversal of Cenvat credit in respect of J&K	17,55,102	2014-2015
1471/COMMR/ST I/2014-15 DATED 13.10.2014	Service tax on interest charged on delay in collection of premium	7,79,06,39,113	2009-2014
COMMR/ST-II/DNVI/88/2015-16 DATED 02.02.2016	Service tax on interest charged on delay in collection of premium	2,68,59,32,548	2014-2015
O.I.A No. SR/30/ST-1/2015 DATED 29.05.2015	Agent Club Expenses matter related to SCZ	1,81,303	1.1.2005 to 31.03.2006
75/COMMR/2011-2012 DATED 12.10.2011	Demand for Banking & Financial Services, Upfront fees and legal fees	62,05,000	2006-2007 and 2008-2009
COMMR/ST II/Dn6/65/2015-16 DATED 13.10.2015	Demand for payment of service tax on ULIP charges for the period 1.7.2010 to 1.5.2011	2,48,18,84,234	July 2010 to May 2011
COMMR/ST II/Dn6/60/2016-17 DATED 23.12.2016	Interest for delayed payment of Service Tax on Outstanding Premium.	14,86,96,712	July 2011 to March 2015
		<b>16,29,34,18,199</b>	

**(b) Penalties and Proceedings against Bank of Baroda:-**

1. Litigation against bank by the customer (Depositor & Borrower as on 30.09.2017) of various Zones : No. of Cases 446 Amount Involved Rs. 13823.84 (Amount in lacs)
2. Litigation against bank in consumer courts (District Forum, State & National Commission as on 30.09.2017) of various Zones : No. of Cases 1268 Amount Involved Rs. 4618.58 (Amount in lacs)
3. Litigation against bank involving criminal offences (under IPC or any other Act/Criminal Provision as on 30.09.2017) of various Zones : No. of Cases 35 Amount Involved Rs. 344.34 (Amount in lacs)
4. Litigation against bank involving Security related offences as on 30.09.2017 of various Zones : No. of Cases 4 Amount Involved Rs. 94.22 (Amount in lacs)
5. Litigation (Statutory & other offences) against bank initiated / filed by Statutory/Govt. Authorities (like RBI/SEBI/FEMA or Union/State Govt.) as on 30.09.2017 of various Zones : No. of Cases 4 Amount Involved Rs. 150.26 (Amount in lacs)
6. Litigation against bank involving Economic offences (by Income Tax, Custom/Sales Tax or other such bodies as on 30.09.2017) of various Zones : No. of Cases 8 Amount Involved Rs. 3405.73 (Amount in lacs)

7. Any other litigation against bank as on 30.09.2017 of various Zones : No. of Cases 204 Amount Involved Rs. 38623.00 (Amount in lacs)
8. Any other litigation against bank against top executive as on 30.09.2017 of various Zones : No. of Cases 36 Amount Involved Rs. 6777.62 (Amount in lacs)

Penalty Imposed by RBI/Regulatories/Other Govt. Dept. for the period from 01-04-2016 to 31-03-2017						
Sr. No.	Imposed By	Date		DD/Cheque no.	Amount	Particular
		Imposed	Paid			
1	RBI	19.07.2016	28.07.2016	Chq. No.016692 dtd.28.07.2016	5,00,00,000/-	RBI has imposed an aggregate penalty of Rs. 50 million (Rupees fifty million only) on the Bank vide its letter no.DBS.CO.ICD./638/12.09.01/2016-17 dtd. July 19, 2016 in exercise of power conferred under Section 47 (A) (1) (c) read with Section 46 (4) (i) of Banking Regulation Act, 1949 for FEMA violations related to Import of Goods and Services

Overseas Territory Violations / Penalties for the period from 01.04.2016 to 31.03.2017						
Date Imposed	Paid	Particular	International Letter no.	Territories/Subsidiary		Amt. (INR)
May-16	May-16	Central Bank of Kenya has imposed a total penalty of Ksh.1.00 Mn (Approx INR 6.67 lacs). The details are as under:- 1. Section 20 (2) (b) of the Banking Act and Prudential Guidelines of Risk Classification of Assets and Provisioning (CBK/PG/04), 2. Violation of Central Bank Prudential Guideline on Outsourcing (CBK/PG/16), part 4.5.9.5 (c) 3. Violation of Central Bank Prudential guideline on	BCC/INT/Compl/108/25 Dtd. 23-06-2016	Kenya	Ksh 1.00 Mn	6,67,000
21.07.2016	21.07.2016	Central Bank of Oman has imposed penalty of RO 5000/- in respect of pending completion od end (E2E) testing of Euro Master Visa (EMV) Up-gradation Project, which was completed on	BCC/INT/Compl/108/30 Dtd. 31/08/2016	Oman	RO 5000	8,70,000
31.08.2016	04.10.2016	Central Bank of Oman debited a penalty of RO 4000/- (Approx INR 6.92 lacs, 1 OMR-INR 173.023) for not categorizing customers based on the degree of risk in finical system	BCC/INT/Compl/108/36 Dtd. 25/10/2016	Oman	RO 4000	6,92,000
16-Dec		Bank of Uganda has imposed penalty of Ugn 300,00 mn in the month of Decmber 2016	BCC/INT/Compl/108/36 Dtd. 25/10/2016	Uganda	300.00 mn	57,04,000

09.03.2017	04.05.2017	Capital Market Authority (CMA) of Uganda imposed a penalty of UGX 10.00 Mn. On Baroda Capital Markets (Uganda) Ltd. Which was later scaled down to Ugx 5.00mn	BCC/INT/Compl/109/14 Dtd. 20/06/2017	Uganda	5 Mn	89,650
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Penalties imposed by Statutory Authority in India (April 2016 to March 2017)							Penal Interest			
Date	Zone	Region	Branch	Particular of penalties	Statutory Authority	Amount				
13.05.2016	Greater Mumbai	MMCR	Govandi	Late filing of E-TDS for June 2015 to Sept 2015	Income Tax	15000	04.08.2016	MMCR	Ministry of Finance	22393
08.07.2016	Greater Mumbai	MMNR	Dahisar	Delay remittance of collection under SCSS-2004 funds for the	Ministry of Finance	1933	19.07.2016	MMER	Ministry of Finance	4376
13.07.2016	Greater Mumbai	MMNR	Kandivali	Delay remittance of collection under SCSS-2004 funds for	Ministry of Finance	1117	13.07.2016	MMNR	Ministry of Finance	3131
07.07.2016	Greater Mumbai	MMNR	Versova	Delay remittance of collection under SCSS-2004 funds for the period 04/2012 to 03/2015	Ministry of Finance	80	16.09.2016	MMSR	Ministry of Finance	22054
03.08.2016	Greater Mumbai	MMCR	Kurla	Delay remittance of collection under SCSS-2004 funds for the period 04/2012 to 03/2015	Ministry of Finance	6053				
04.08.2016	Greater Mumbai	MMCR	Chembur	Delay remittance of collection under SCSS-2004 funds for the period 04/2012 to 03/2015	Ministry of Finance	14050				
04.08.2016	Greater Mumbai	MMCR	Ghatkopar (E)	Delay remittance of collection under SCSS-2004 funds for the period 04/2012 to 03/2015	Ministry of Finance	80				
08.07.2016	Greater Mumbai	MMCR	Ghatkopar (W)	Delay remittance of collection under SCSS-2004 funds for the period 04/2012 to 03/2015	Ministry of Finance	103				
03.08.2016	Greater Mumbai	MMCR	Sion	Delay remittance of collection under SCSS-2004 funds for the period 04/2012 to 03/2015	Ministry of Finance	1111				

03.08.2016	Greater Mumbai	MMCR	Vile Parle	Delay remittance of collection under SCSS-2004 funds for the period 04/2012 to 03/2015	Ministry of Finance	899				
19.07.2016	Greater Mumbai	MMER	Thane	Delay remittance of collection under SCSS-2004 funds for the period 04/2012 to 03/2015	Ministry of Finance	4027				
19.07.2016	Greater Mumbai	MMER	Bhandup	Delay remittance of collection under SCSS-2004 funds for the period 04/2012 to 03/2015	Ministry of Finance	349				
16.09.2016	Greater Mumbai	MMSR	SERBOM	Late filing of TDS Returns for FY 2013-14 Q1	Income Tax	71610				
31.08.2016	MP Zone	Jabalpur	Rewa	Wrong NEFT credited	consumer forum	15462			consumer forum	1810
06.04.2016	Rajasthan	Kota	Todarai Singh	Delay in settle charge Back claim	consumer forum	1000				
06.06.2016	Rajasthan	Jaipur	Manjai	Case-consumer dispute redressal commission	consumer forum	10000			consumer forum	916
18.06.2016	Rajasthan	Jaipur	Chomu	Case-consumer dispute redressal commission	consumer forum	7687				
27.04.2016	Rajasthan	Jodhpur	Jaisalmer	District consumer forum decision against bank in the case of Manish Vyas, borrower PMEGP z/s BOB	consumer forum	3000				
11.05.2016	Rajasthan	Jodhpur	Jaisalmer	Consumer court appeal against the decision was dismissed	consumer forum	5000				
29.06.2016	Rajasthan	Udaipur	Main	Income Tax Penalty (Hindustan Zinc Income Tax Penalty)	Income Tax	658930			Income Tax	14680
24.08.2016	South Gujarat	Baroda City	Manjalpur	Delayed remittance of TDS for Sep 2015	Income Tax	105765				
03.08.2016	WUP			The District Consumer Dispute Redressal Forum	consumer forum	2000			consumer forum	3100
							07.04.2016	GB	Ministry of Finance	361343
18.11.2016	Ahmedabad	Ahm	Delhi chakla	Lien marked in ac and	consumer forum	15000				

				cheque returned						
28.10.2016	Ahmedabad	Mehsana	Market yard		consumer forum	50000			consumer forum	16125
03.02.2017	Ahmedabad	Ahm	I E vatva	Delay in payment	Income Tax	5640				
07.04.2017	Ahmedabad	Ahm	Delhi chakla	Delay in remittance of funds under SCSS, 2004 scheme	Ministry of Finance	3894				
07.04.2017	Ahmedabad	Ahm	Gita Mander	Delay in remittance of funds under SCSS, 2004 scheme	Ministry of Finance	17298				
09.09.2016	Jaipur	Bikaner	Rajgarh		consumer forum	5000				
05.12.2016	Jaipur	Jaipur			consumer forum	55000				
06.11.2016	Mumbai	MMSE	Thakurwar	Delay remittance of Income Tax	Income Tax	64620			Income tax	2330
08.12.2016	Delhi	Jalandar	Town Hall	Delay remittance of Income Tax	Income Tax	8206				
07.02.2017	GB				Income Tax	642				
							28.10.2016	Baroda	Income Tax	133780
							16.10.2016	Mumbai	Income Tax	550
32	<b>Total</b>					<b>1150556</b>		<b>12</b>		<b>586588</b>

**Statutory Penalty**

Penalty / Penal Interest April 2016 to March 2017				
Sr. No.	No. of Cases	Name of Authority	Amt. of Penalty	Amt. of Penal Interest
1	8	Income Tax	930413	151340
2	13	Ministry of Finance	50994	416397
3	11	Consumer Forum	169149	18851
	<b>32</b>	<b>Total</b>	<b>1150556</b>	<b>586588</b>

**Regulatory Penalty**

Penalty / Penal Interest April 2016 to March 2017				
Sr. No.	No. of Cases	Name of Authority	Amt. of Penalty	Amt. of Penal Interest
1	1	RBI	50000000	0
2	88	RBI-Currency Chest	4051869	95548921
	<b>32</b>	<b>Total</b>	<b>54051869</b>	<b>95548921</b>

**Overseas Territory / Subsidiary**

Sr. No.	No. of Cases	Name Territory/Subsidiary	Amt. of Penalty	Amt. of Penal Interest
1	1	Kenya	Ksh 1.00 Mn	667000
2	2	Oman	RO 9000	1562000
3	2	Uganda	305 MN	5793650
		<b>Total</b>		<b>8022650</b>

Penalty imposed on Currency Chest for 01.04.2016 to 31.03.2017								
Sr. No.	Zone	Region	Branch	Date (imposed)	Date (Paid)	Particular	Imposed /Paid	Amount
1	EUP	Gorakhpur	Geeta Press Currency chest	30.03.2016	05.05.2016	Counterfeit and mutilated notes	Paid	14500
2	EUP	Gorakhpur	Geeta Press Currency chest	04.04.2016	05.05.2016	Counterfeit and mutilated notes	Paid	500
3	EUP	Sultanpur	Main	10.05.2016	07.06.2016	Counterfeit notes	Paid	4300
4	MP Zone	Indore	Navlakha	02.06.2016	Not Paid	Counterfeit note and mutilated notes remitted	Imposed	4200
5	MP Zone	Jabalpur	Katni	24.03.2016	Not Paid	Mutilated notes remitted with soiled notes, counterfeit and shortages	Imposed	17990
6	MP Zone	Jabalpur	Katni	24.05.2016	Not Paid	Mutilated notes remitted with soiled notes, counterfeit and shortages	Imposed	22400
7	MP Zone	Jabalpur	Katni	01.03.2016	Not Paid	Mutilated notes remitted with soiled notes, counterfeit and shortages	Imposed	8650
8	North Zone	Jalandhar	NGR	07.04.2016	07.04.2016	Mutilated notes remitted with soiled notes	Paid	7800
9	North Zone	Indraprastha	Modinagar	29.12.2015	23.05.2016	Non compliance observed by RBI official inspection	Paid	40000
10	North Zone	Indraprastha	Modinagar	29.12.2015		Fake note detected in soiled note	Imposed	6000
11	NGZ	Ahmedabad	Usmanapura	03.05.2016	03.05.2016	Counterfeit notes detected	Paid	5600
12	NGZ	Ahmedabad	Usmanapura	02.06.2016	02.06.2016	Counterfeit notes detected	Paid	1000
13	NGZ	Rajkot			13.06.2016	Mutilated notes remitted	Paid	2000
14	RZ	Ajmer	Rly Campus	29.04.2016	29.04.2016	Counterfeit notes detected	Paid	1100
15	RZ	Ajmer	Rly Campus	08.06.2016	18.06.2016	Counterfeit notes detected	Paid	300
16	RZ	Bharatpur	Dausa	4.05.2016	04.05.2016	Counterfeit notes detected	Paid	4500
17	RZ	Udaipur	Udaipur CC	15.05.2016	15.05.2016	Shortage of Notes	Paid	1000
18	SGZ	Baroda City	Gotri	04.05.2016		Soiled Note remittance	Imposed	5950
19	SGZ	Baroda City	Service Br.	06.06.2016		Soiled Note remittance	Imposed	4279
20	SGZ	Baroda Dist	Alipur	29.06.2016	14.07.2016	Deficiency in exchange of soiled notes/adjudication of mutilated notes	Paid	7000
21	SGZ	Navsari	St. Rd	04.05.2016		Counterfeit notes detected Mutilated notes remitted with soiled notes/shortage	Imposed	6500
22	TKZ	Coimbatore	Perunduri	19.05.2016	20.06.2016	Counterfeit note detected	Paid	3900
23	TKZ	Coimbatore	Perunduri	20.05.2016	20.06.2016	Counterfeit note detected	Paid	4900
24	TKZ	Coimbatore	Perunduri	25.06.2016	25.06.2016	Counterfeit note detected	Paid	2100
25	TKZ	Coimbatore	Coimbatore	25.06.2016	25.06.2016	Shortage of Notes	Paid	200
26	TKZ	Coimbatore	Coimbatore	25.06.2016	25.06.2016	Counterfeit note detected	Paid	2000
27	TKZ	Coimbatore	Coimbatore	25.06.2016	25.06.2016	Mutilated notes remitted	Paid	4000
28	TKZ	Coimbatore	Coimbatore	25.06.2016	25.06.2016	Counterfeit note detected	Paid	5150



29	BOJZ	Jharkhand	Jamshedpur Main	22.09.2016	22.09.2016	Imposed by RBI on Currency Chest during inspection (could not produce the documents related with Half-Yearly cash verification ended in March 2016)	Paid	10000
30	NGZ	Ahmedabad	Usmanapura	09.08.2016	09.08.2016	Counterfeit note detected	Paid	700
31		Ahmedabad	Usmanapura	23.08.2016	23.08.2016	Counterfeit note detected	Paid	1400
32		Ahmedabad	Usmanapura	03.09.2016	03.09.2016	Counterfeit note detected	Paid	450
33		Rajkot	Rajkot Main	01.08.2016	31.08.2016	Counterfeit note detected	Paid	5700
34		Rajkot	Rajkot Main	03.08.2016	31.08.2016	Counterfeit note detected	Paid	440
35	TKZ	Madurai	Chokkikulam CC	04.07.2016	04.07.2016	Shortage in soiled note remittance	Paid	37800
36	NZ	Karnal	Grain Market	01.08.2016	07.09.2016	Fake note detected at RBI during soiled note remittance	Paid	1000
37		Indraprastha	Modinagar CC	01.08.2016	0	RBI imposed penalty due records of mutilated soiled notes not maintained by the chest	imposed	10000
38	MGZ	Aurangabad	Golf Club	25.08.2016	28.09.2016	Shortage in soiled note remittance	Paid	9400
39		Aurangabad	Golf Club	02.09.2016	28.09.2016	Counterfeit note detected	Paid	300
40	EUPZ	Sultanpur	Pratapgarh CC			Shortage of currency note during remittance to RBI		16300
41	RZ	Jaipur	Station Road	20.07.2016	20.07.2016	Counterfeit & Mutilated Notes detected	Paid	18600
42			Station Road	19.08.2016	19.08.2016	Counterfeit & Mutilated Notes detected	Paid	8000
43			VKI Jaipur	05.08.2016	05.08.2016	Counterfeit & Mutilated Notes detected	Paid	800
44			VKI Jaipur	08.08.2016	08.08.2016	Counterfeit & Mutilated Notes detected	Paid	1000
45	SGZ	Baroda City	Gotri	19.08.2016	01.09.2016	Soiled Note remittance penalty	Paid	2400
46			Gotri	26.08.2016	01.09.2016	Soiled Note remittance penalty	Paid	450
47			I.E.Ankieshwar	19.09.2016	04.10.2016	Soiled Note remittance penalty	Paid	770
48	WUPZ	Agra	Mathura	02.02.2016	29.12.2016	Penalty imposed by RBI for not exchanging mutilated notes during incognito visit of RBI	Paid	10000
49	New Delhi	DMR-I	Parliament street	25.10.2016	25.10.2016	Bundles were not shrink wrapped and were not labeled during the remittance sent to RBI	Paid	5000
50	Ahmedabad	Ahmedabad	Usmanapura	04.10.2016	06.10.2016	Counterfeit notes detected	Paid	500
51	Ahmedabad	Ahmedabad	Usmanapura	04.10.2016	06.10.2016	Counterfeit notes detected	Paid	10500
52	Bhopal	Bhopal	CC Gwaior	05.10.2016		Penalty imposed by RBI for Shortages	imposed	12700
53	RZ	Ajmer	Rly Campus	21.10.2016		Counterfeit & notes short in remittance	imposed	2400

54	RZ	Jaipur	Station Road	25.10.2016	25.10.2016	Counterfeit & Mutilated Notes & notes short detected	Paid	3500
55	RZ	Jodhpur	MIA	21.10.2016		Note Shortages	Paid	5000
56	SZ	Madurai	Chokkikulam	03.11.2016	18.11.2016	Detection FICN (1*100) in CC balance	Paid	100
57	Ahmedabad	ACR	Usmanapura	07.01.2017	13.01.2017	Counterfeit notes detected and shortage found	Paid	8000
58	Ahmedabad	ACR	Usmanapura	16.01.2017	23.01.2017	Counterfeit notes detected	Paid	3000
59	Baroda	Baroda City	Baroda Main	Sept 16 to Dec 16	10.03.2017	Soil note remittance to RBI	Paid	22300
60	North Zone	Karnal	Grain Market	16.12.2016	17.02.2017	Counterfeit note detected /mutilated notes remitted with soiled notes / shortage	Paid	28000
61	Bareilly	Agra	Sanjay Place	14.10.2015	03.01.2017	Penalty imposed by RBI during their incognito visit of Sanjay Place Br. by officials of RBI for not exchanging mutilated noted	Paid	10000
62	Bareilly	Haldwani	Haldwani main	29.10.2015	14.03.2017	Penalty imposed by RBI during their incognito visit of Haldwani Main Br. by officials of RBI for using the fluid on Cash Scroll Book.	Paid	10000
63	Bareilly	Haldwani	Haldwani main	08.03.2016	14.03.2017	Penalty imposed by RBI during their incognito visit of Haldwani Main Br. by officials of RBI for not exchanging mutilated notes	Paid	10000
64	Bhopal	Bhopal	Bhopal	17.02.2017	17.02.2017	Penalty imposed due to remittance of forged notes to RBI	Paid	60500
65	Bhopal	Bhopal	Bhopal	01.03.2017	01.03.2017	Penalty imposed due to shortage and mutilated notes remittance to RBI	Paid	55100
66	Bhopal	Bhopal	Bhopal	29.03.2017	29.03.2017	Penalty imposed for wrong reporting of ICCOMS data	Paid	1577889
67	Bhopal	Indore	Navlak	01.06.2017	31.03.2017	Counterfeit note, mutilated notes & shortage remitted to RBI	Paid	3300
68	Bhopal	Jabalpur	Katni CC	01.08.2016	09.02.2017	Counterfeit note, mutilated notes & shortage remitted to RBI	Paid	1500
69	Bhopal	Jabalpur	Katni CC	29.07.2016	09.02.2017	Counterfeit note, mutilated notes & shortage remitted to RBI	Paid	10
70	Bhopal	Jabalpur	Katni CC	12.08.2016	09.02.2017	Counterfeit note, mutilated notes & shortage remitted to RBI	Paid	700
71	Bhopal	Jabalpur	Katni CC	15.01.2016	15.02.2017	Counterfeit note, mutilated notes & shortage remitted to RBI	Paid	6100
72	Pune	Panji	Margao	31.01.2017	31.01.2017	Penalty imposed by RBI on delayed reporting of ICCOMS data	Paid	43630

73	Mumbai	MMNR	Goregaon	22.02.2017	22.02.2017	Penalty for soiled notes remitted to RBI	Paid	5500
74	Bhopal	Raipur	Rahengi Chest	18.03.2017	18.03.2017	Forge note detected in cash remittance	Paid	3500
75	Kolkata	Kolkata metro	J.M.Avenue CC	17.02.2017	17.02.2017	Shortage	Paid	13150
76	Kolkata	Kolkata metro	J.M.Avenue CC	18.02.2017	18.02.2017	Shortage	Paid	46411
77	Kolkata	Kolkata metro	J.M.Avenue CC	01.03.2017	01.03.2017	Shortage	Paid	4500
78	Kolkata	Kolkata metro	J.M.Avenue CC	13.03.2017	13.03.2017	Shortage	Paid	4000
79	Kolkata	Kolkata metro	Dharmatala	18.01.2017	18.01.2017	Counterfeit notes detected	Paid	50
80	Kolkata	Burdwan	Panchanantala CC	18.01.2017	18.02.2017	Deficiency in exchange of soiled notes/adjudication of mutilated notes	Paid	30400
81	Bareilly	Shahjahanpur	Powayan CC	03.01.2017		Penalty imposed by RBI on account of shortages found in remittance of SBNs which was sent to RBI on 25.11.2016	Imposed	1000000
82	Jaipur	Ajmer	Rly Campus	21.10.2016	05.04.2017	Counterfeit & notes short in remittance	Paid	6000
83	Jaipur	Ajmer	Rly Campus	15.03.2017	05.04.2017	Mutilated notes detected	Paid	800
84	Jaipur	Bharatpur	Dausa	11.01.2017		Cash excess / Shortage found during RBI Inspection	Imposed	725600
85	Jaipur	Jodhpur	MIA	02.03.2017	02.03.2017	Note Shortages of Rs.5000/-	Paid	5000
86	Jaipur	Udaipur	Udaipur	20.02.2017	21.03.2017	Rs. 500 not short	Paid	500
87	Jaipur	Udaipur	Udaipur	20.02.2017	21.03.2017	Five notes of Rs.500 short & nine notes of Rs.100 are found mutilated	Paid	3400
88	Jaipur	Jaipur	MI Road	07.02.2017	07.02.2017	Penal interest for delayed reporting/wrong reporting/non-reporting of currency chest transactions and inclusion of ineligible amount in currency chest balance		95548921
						<b>Total</b>		<b>99600790</b>

**(c) Penalties and Proceedings against Punjab National Bank:-**

- I Penalty Imposed – Rs.1,00,000/- (Rs. One Lakh Only)  
(RBI has imposed a penalty of Rs.1,00,000/- on account of shortage in Security General Ledger A/c)
- II Penalty Imposed – Rs.3,00,00,000/- (Rs. Three Crore Only)  
(The penalties imposed by RBI under the provisions of Section 46(4) of the Banking Regulation Act, 1949, for contraventions of any of the provisions of the Act or non-compliance with any other requirement of the Banking Regulation Act, 1949; order, rule or condition specified by Reserve Bank of India under the Act.)

**(d) Penalties and Proceedings against State Bank of India:-**

- Four (4) Civil Appeals are currently pending before the Honourable Supreme Court file by Smt. Jyoti Harshad Mehta. Although, since January 2016, these matters were being listed regularly for hearing in the Supreme Court and are considered as Part-Heard, the hearings for final disposal of these Appeals have not commenced. However, the next date of listing for hearing of these matters is yet to be announced by the Honourable Supreme Court.
- In December 2016, Central Bank of Oman imposed penalty of Omani Riyal 8000 (equivalent of USD 20,800) on Muscat branch for deficiencies in the AML programme and security of electronic banking system.

**REPORT OF PENALTIES IMPOSED / PENAL ACTION TAKEN AGAINST BANK UNDER VARIOUS LAWS AND STATUTES AND ACTION TAKEN FOR CORRECTIVE MEASURES DURING THE PERIOD 01-04-2013 TO 31.03.2014**

RBI penalty on the Bank under Section 47 A(1) (c) read with Section 46 (4) of the Banking Regulation Act, 1949 for alleged violation of RBI guidelines / instructions

Sr. No.	Circle/Office/ Establishment	Nature of Penalties	Amount	Corrective Action Taken
1	Banking Operation Department	Issue of drafts for value of Rs.50,000.00 and above against cash by few branches	Rs. 300 lacs	A system level restriction has been put in place in CBS to prevent issue of drafts against cash for value of Rs.50,000 and above
		Non-prescription of KYC process for sale of gold coins to walk-in-customers (non-customers)		Precious Metal Department has put in place KYC process/policy for sale of gold coins to walk in customers
		Sale of gold coins for value of Rs.50,000.00 and above against cash by few branches		Precious Metal Department has put in place a system level restriction in CBS to prevent sale of gold coins against cash for value of Rs.50000.00 and above
		Non-capture of beneficial owner details in CBS platform		GITC Belapur has advised that they have initiated necessary development for capturing the details in CBS and the said development is in progress
		Omission to set a rule to generate alerts for transactions monitoring in accounts with low average balance but high turn over		As per IBA recommendations a similar scenario (value of transactions in a month is more than (X%) of the average value for the client or client profile) is developed with monthly periodicity

**REPORT OF PENALTIES IMPOSED / PENAL ACTION TAKEN AGAINST BANK UNDER VARIOUS LAWS AND STATUTES AT ITS FOREIGN OFFICES AND ACTION TAKEN FOR CORRECTIVE MEASURES DURING THE PERIOD 01-04-2013 TO 31-03-2014**

**Foreign Branches / Subsidiaries**

Sr. No.	Circle/Office/ Establishment	Nature of Penalties	Amount	Corrective Action Taken
1	Jeddah Branch	Local regulator Saudi Arabia Monetary Agency (SAMA) imposed penalty for delayed submission of financial statement as at the end of December 2012.	SAR 19,000 (USD 4460.00 approx)	The control and supervision mechanism for monitoring submission of regulatory reports has been strengthened.

		The practice of incorporating National ID/Civil Register Numbers of the drawer of the cheque in the slip of all dishonoured cheques was not followed by the branch SAMA – Local Regulator imposed a penalty for not adhering to this requirement.	SAR 11,700 (USD 2738.00 approx)	The practice of incorporating national ID/Civil Register Number of the drawer of the cheque in the slip of all 77equires in respect of all dishonoured cheques is now meticulously adhered to.
2	Regional Representative Office Manila	Securities and Exxchange Commission of Manila (SEC) 77equires banks operating in Philippines to submit a report (The General Information sheet and Proof of Inward Remittance). SEC imposed penalty for delayed submission of the report.	PHP 856179 (USD 653,00)	Reporting requirements and time frame thereof are being adhered to.

**REPORT OF PENALTIES IMPOSED / PENAL ACTION TAKEN AGAINST BANK UNDER VARIOUS LAWS AND STATUTES AND ACTION TAKEN FOR CORRECTIVE MEASURES DURING THE PERIOD 01-04-2014 TO 31.03.2015**

Sr. No.	Circle/Office/Establishment	Nature of Penalties	Amount	Corrective Action Taken
1	SME	SEBI conducted inspection (period 26-07-2010 to 30-07-2010) of Debenture Trustee business at our Mumbai Main Branch and observed deviations in its DT business working. One of the major reasons for Show Cause Notice dated 08-11-2012 was the conflict of interest as No Debenture Trustee shall act as such for any issue of debenture in case it has lent money to the body Corporate. Based on consent terms proposed by State Bank of India offering Rs.6.80 lacs towards settlement terms and accepted by High Powered Committee of SEBI. SBI made payment of Rs.6.80 lacs to SEBI on 13-01-2015	Rs. 6.80 lacs	Various irregularities pointed out in the report were attended to and the entire Debenture Trustee business other than suit filed and BIFR cases was transferred to SBICAP Trustee Co. Ltd. (STCL). No new DT business is being entertained by our branches, after issuance of a circular dated 13-04-2012 in this regard.

**REPORT OF PENALTIES IMPOSED / PENAL ACTION TAKEN AGAINST BANK UNDER VARIOUS LAWS AND STATUTES AT ITS FOREIGN OFFICES AND ACTION TAKEN FOR CORRECTIVE MEASURES DURING THE PERIOD 01-04-2014 TO 31.03.2015  
Foreign Branches / Subsidiaries**

Sr. No.	Circle/Office/Establishment	Nature of Penalties	Amount	Corrective Action Taken
1	Paris Branch (SBIP)	Authority of Prudential Control and Resolution (AcPR), the French Banking Regulator had initiated disciplinary proceedings against SBIP on the basis of	EUR 300,000	SBIP has implemented several measures to address the regulatory concerns, including : i) Preparation of a comprehensive Accounting Scheme to strengthen the accounting processes which was

	<p>deficiencies pointed out related to Permanent Controls of Accounting and Regulatory Reporting, Evaluation of Credit Risk, Credit Processes, Accounting Audit Trail, System to aggregate Group Exposures and Compliance Monitoring. The Sanctions Committee of AcPR have communicated to SBI Paris on 11<sup>th</sup> February 2015 that the deficiencies pointed out by the Examiners were true at the time of the examination (Details placed before ECCB at the Meeting held on 25<sup>th</sup> March 2015</p>	<p>implemented after due vetting by Deloitte, the Statutory Auditors of the branch ii) Undertaking a comprehensive review of procedures and processes covering 20 critical areas of the branch operations with the help of M/s. E&amp;Y et Associates, and putting in place appropriate enhancements on the basis of such review iii) Outsourcing of internal audit function to a leading Audit Firm (at present PWC) to ensure that there is ongoing evolution of the policies and procedures against regulatory requirements and independent review of compliance status.</p>
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**REPORT OF PENALTIES IMPOSED / PENAL ACTION TAKEN AGAINST BANK UNDER VARIOUS LAWS AND STATUTES AND ACTION TAKEN FOR CORRECTIVE MEASURES DURING THE PERIOD 01-04-2015 TO 31.03.2016**

Sr. No.	Circle/Office/Establishment	Nature of Penalties	Amount	Corrective Action Taken
1	AML/CFT	Financial Intelligence Unit-India, New Delhi served the order dated 27-10-2015 for failure of State Bank of India's (5 branches of SBI figured in Cobrapost sting operations) internal mechanism for detecting and reporting attempted suspicious transactions in terms of Section 12 of the PMLA Act.	Rs. 5 lacs	Bank has reiterated instructions on filing of subjective STRs vide e-circular dated 08-01-2016

**REPORT OF PENALTIES IMPOSED / PENAL ACTION TAKEN AGAINST BANK UNDER VARIOUS LAWS AND STATUTES AT ITS FOREIGN OFFICES AND ACTION TAKEN FOR CORRECTIVE MEASURES DURING THE PERIOD 01-04-2016 TO 31.12.2016**

**Foreign Branches / Subsidiaries**

Sr. No.	Circle/Office/Establishment	Nature of Penalties	Amount	Corrective Action Taken
1	Muscat Branch	1) Central Bank of Oman in their onsite examination report dated 27-12-2016 cited the deficiencies in the transaction monitoring system viz. walk-in customers not covered by the AML system transaction alerts not monitored on ongoing basis and maintenance of history of transaction alerts (alert history is not generated since October 2015)	The Regulator imposed penalty of Omani Riyal 4000	. Transactions by walk-in customers have been brought within the scope of automated transaction monitoring system at the branch. . Branch now ensures daily monitoring of transactions alerts . Branch has conveyed to Central Bank of Oman that alert history from 01-04-2005 is saved in the system and can be accessed as and when required.
		2) Central Bank of Oman in their onsite examination report dated 27-12-2016 observed that the branch did not comply with requirements on security	The Regulator imposed penalty of Omani Riyal 4000	.Branch has since shared the test reports of cyber attack drills with regulator . Branch has completed Gap Analysis in respect of automated fraud

		<p>of electronic banking system viz. cyber-attack drills not conducted, inadequacy in automated fraud monitoring system and non-generation of alerts to customers on financing transactions using SMS and e-mails.</p>	<p>monitoring in the system and has taken up with ITFO for introducing the functionality as per regulatory requirement. At present Finacle has the functionality for sending SMS to customer only on cash withdrawals from the account. CBO requires the functionality for notifying to customers in case of all transactions. ITFO has been advised for addition of the required functionality which has been taken up by ITFO who expect to complete the task by the end of June 2017</p>
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2. **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. – NA.
3. 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.

**UTI AMC Ltd.**

- 1) A writ petition has been filed by UTI Asset Management Company Ltd., UTI Mutual Fund and UTI Trustee Company Private Ltd. challenging the order dated 06.08.2008 passed by the Central Information Commission on the applicability of the Right to Information Act, 2005, which has been stayed by the Honourable High Court, Bombay. The writ has been admitted and stay will continue pending the hearing and final disposal of the petition. The matter will come up for hearing in due course.
- 2) There are 11 criminal cases pending related to normal operations of the schemes of UTI MF such as non-transfer of units, non-receipt of unit certificates, non-receipt of redemption proceeds or income distribution, closure of scheme/plan. These cases are not maintainable and judging from our experience such cases are generally dismissed by Courts or withdrawn by the complainant.

All the cases were filed in the name of the then Manager/Branch Manager/Chairman (Key personnel) of the erstwhile Unit Trust of India. We have already settled all these cases by paying the amount/issuing certificate to the complainant. However, cases are continuing due to procedural aspect as final orders of the Courts are to be pronounced. All the cases filed before 2003, stood transferred to the successor of UTI i.e. UTI MF due to transfer of scheme after passing of The Unit Trust of India (Transfer of Undertaking & Repeal Act) 2002.

- 3) There are 31 cases pending at different courts related to suits/petitions filed by a) contract workmen, b) employees association, c) employees/ex-employees etc. These cases are pending at different levels for adjudication.
- 4) A Special Leave Petition has been filed by Bajaj Auto Ltd. before the Honourable Supreme Court of India against the final judgement and order dated 09.10.2006 of the Honourable High Court of Bombay in the matter of the winding up of UTI Growth & Value Fund- Bonus Plan with effect from 01.02.2005 in pursuance to circular dated 12.12.2003 of SEBI. The matter is admitted on 10.07.2008 and will be heard in due course.

- 5) One Writ Petition filed by R K Sanghi pending before High Court of Madhya Pradesh Principal Seat at Jabalpur challenging termination of Senior Citizenship Unit Plan (SCUP). We have already filed affidavit in reply in the matter and now petition will be heard in due course.

**Income Tax Related Matter**

- 1) The orders cum demand notices for Rs 0.01 crore (Previous Year Rs 0.01 crore) is pending with Income Tax Office – TDS on various grounds. The company has filed appeals to the appellate authority on the said orders mentioning that all the payments have been duly complied. The grounds of appeal are well supported in law. As a result, the company does not expect the demand to crystallise into a liability.
- 2) The reassessment order for the Assessment Year 2009-10 has been passed raising a demand of Rs. 5.25 crore. Assessment Order has been passed for the Assessment Year 2010-11 raising a demand of Rs. 2.27 Cr. Appeal has been filled against both the order before CIT (A).
- 3) Assessment Order has been passed for the Assessment Year 2012-13 & 2013-14 raising a Demand of Rs 0.74 crore & Rs 0.78 crore respectively. The demand has been paid and appeals have been filed before CIT(A) against both the orders.

**UTI GETF:**

"The Maharashtra Sales Tax authorities have disallowed refund claim and raised tax demand under the Maharashtra Value Added Tax Act 2002 for UTI GETF for a sum of Rs. 2,68,53,663/- plus interest and penalty for the years 2007-08 to 2014-15. Penalties for some years have been set aside by the Appellate authorities. The matter is being contested; Appeals have been filed with the appellate authorities/Courts against the denial of the refund claim and raising of demand".

4. Any deficiency in the systems and operations of the Sponsor and/or the AMC or the Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency. - NIL

**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.**



