DSP ASSET MANAGERS

Date: January 12, 2024

Dear Unit Holder,

Sub: Change in fundamental attributes of DSP Government Securities Fund (‘Scheme’) of DSP Mutual Fund (‘Fund’).

Thank you for investing in DSP Mutual Fund (‘Fund’). We appreciate your trust in us.

Unit holders are requested to note that the following Scheme will be undergoing certain changes in the key features as detailed in the table below. The changes, indicated as fundamental attributes change (FAC) in the below table will be considered as change in the fundamental attributes in line with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996 (“MF Regulations”). Accordingly, these proposed changes shall be carried out by implementing the process for change in the fundamental attributes of the Scheme.

1. **Name of the Scheme:** DSP Government Securities Fund

2. **Rationale of the change:** It is proposed to provide further clarity that ‘State Government securities’ are also included as a part of investment universe of the Scheme along with the ‘Central Government Securities’.

As the State Government securities are also government issued securities and are fairly liquid, and at times gives additional yield over the Central Government securities. By investing in State Government securities, the Scheme may have a potential to improve the return profile without increasing the risk profile and increase the investment universe of the scheme.

Further to align the name of the Scheme, in line with SEBI guidelines for easy identification by investors, it is also proposed to change the name of the Scheme to ‘DSP Gilt Fund’.

To give effect to the above, it is proposed to carry out congruent changes to Scheme name, Investment objective, asset allocation pattern, Investment strategy and other relevant sections of the offer document of the Scheme.

3. **The comparison between the existing features and the proposed features are as follows:**

<table>
<tr><th>Sl. No.(a)</th><th>Particulars
(b)</th><th>Existing Scheme Features
(c)</th><th>Proposed Scheme Features
(d)
(Changes are highlighted in Bold)</th></tr>
<tr><td>1.</td><td>NAME OF THE SCHEME</td><td>DSP Government Securities Fund</td><td>DSP Gilt Fund</td></tr>
<tr><td>2.</td><td>CATEGORY OF THE SCHEME</td><td>Gilt Fund</td><td>Gilt Fund

(No Change)</td></tr>
<tr><td>3.</td><td>SECTION II - INFORMATION ABOUT THE SCHEME
B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?*</td><td>The primary objective of the Scheme is to generate income through investment in Central Government Securities of various maturities. There is no assurance that the investment objective of the Schemes will be realized.</td><td>The primary objective of the Scheme is to generate income through investment in securities issued by Central and/or State Government of various maturities. There is no assurance that the investment objective of the Schemes will be realized.</td></tr>
<tr><td>4.</td><td>SECTION II - INFORMATION ABOUT THE SCHEME
C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?*</td><td>Under normal circumstances, the asset allocation of the Scheme will be as follows:

<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative Allocations (% of assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Central Government Securities</td><td>80%</td><td>100%</td><td>Medium</td></tr>
<tr><td>Repos / reverse repos in Central Government Securities as may be permitted by RBI Call money market or alternative investment for call money market as may be provided by the Reserve Bank of India</td><td>0%</td><td>20%</td><td>Low</td></tr>
</table>

The Scheme aims at generating returns by investing in Central Government Securities and/or repos/reverse repos in Central Government Securities as may be permitted by the Reserve Bank of India. The Scheme may also invest a portion of the corpus in debt and money market securities to manage the liquidity requirements of the Scheme.</td><td>Under normal circumstances, the asset allocation of the Scheme will be as follows:

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<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative Allocations (% of assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Government Securities</td><td>80%</td><td>100%</td><td>Low to Moderate</td></tr>
<tr><td>Cash and Cash Equivalent</td><td>0%</td><td>20%</td><td>Low to Moderate</td></tr>
</table>

The Scheme may invest in Government Zero Coupon Bonds (Government Security STRIPS), Government security Floating rate bonds.

The Scheme may invest upto 100 % in Derivative Instruments.

The Scheme will not invest in Municipal Bonds, Non-Convertible Debentures, Perpetual Debt Instrument, Securitized Debt, and Corporate Debt Repo.

Further, the Scheme will not invest in Overseas Securities.

The Scheme aims at generating returns by investing in securities issued by Central and/or State Government Securities. The Scheme may also invest a portion of the corpus in debt and money market securities to manage the liquidity requirements of the Scheme.</td></tr>
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Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
		Liquidity Support from RBI Being a Scheme dedicated exclusively to investments in Government securities, the Mutual Fund will be eligible to avail on any day from RBI, liquidity support upto 20% of the outstanding value of its investments in Government securities (as at the close of business on the previous working day), under its Guidelines issued vide letter IDMC. No.2741/03.01.00/95-96 dated April 20, 1996. Liquidity support under these guidelines is available through reverse repurchase agreements in eligible Central Government dated securities and treasury bills of all maturities. The cumulative gross exposure will not exceed 100% of the net assets of the Scheme. Pending deployment of the funds of the Scheme shall be in terms of clause 12.16 of the SEBI Master Circular, the AMC may invest funds of the Scheme in short term deposits of scheduled commercial banks, subject to following conditions: (i) "Short Term" for such parking of funds by mutual funds shall be treated as a period not exceeding 91 days. (ii) Such short term deposits shall be held in the name of the Scheme (iii) The Scheme shall not park more than 15% of its net assets in the short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with the prior approval of the Trustee. Also, 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. (iv) The Scheme shall not park more than 10% of its net assets in short term deposit(s) with any one scheduled commercial bank including its subsidiaries. (v) The Trustee shall ensure that the funds of the Scheme are not parked in the short term deposits of a bank which has invested in the Scheme. (vi) AMC will not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks. (vii) The Trustee shall also ensure that the bank in which a scheme has short term deposits do not invest in the scheme until the scheme has short term deposits with such bank. The above provisions do not apply to term deposits placed as margins for trading in cash and derivative market. **Portfolio Rebalancing:** a. Action with respect to passive breaches: As per clause 2.9 of the SEBI Master Circular and the clarifications/ guidelines issued by AMFI/ SEBI from time to time, in the event of deviation from mandated asset allocation mentioned, passive breaches (i.e. occurrence of instances not arising out of omission and commission of AMC), shall be rebalanced within 30 business days. Where the portfolio is not rebalanced within above mentioned period, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before Investment Committee. The Investment Committee, if so desires, can extend the timelines up to sixty (60) business days from the date of completion of mandated rebalancing period. In case the portfolio is not rebalanced within the aforementioned mandated plus extended timelines the AMC shall comply with the prescribed restrictions, the reporting and disclosure requirements as specified in para 2.9.3 and 2.9.4 of the SEBI Master Circular dated May 19, 2023.	**Liquidity Support from RBI** Being a Scheme dedicated exclusively to investments in Government securities, the Mutual Fund will be eligible to avail on any day from RBI, liquidity support upto 20% of the outstanding value of its investments in Government securities (as at the close of business on the previous working day), under its Guidelines issued vide letter IDMC.No.2741/03.01.00/95-96 dated April 20, 1996. Liquidity support under these guidelines is available through reverse repurchase agreements in eligible Central Government dated securities and treasury bills of all maturities. The cumulative gross exposure will not exceed 100% of the net assets of the Scheme. 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It may be noted that no prior intimation/indication will be given to investors when the composition/asset allocation pattern under the Scheme undergoes changes within the permitted band as indicated above.

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
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5.	SECTION II - INFORMATION ABOUT THE SCHEME D. WHERE WILL THE SCHEME INVEST?	Securities purchased may include coupon bearing, floating rate, deep discount or zero coupon securities, Government securities with put / call options, strip securities (interest only/principal only) among others. The Scheme may purchase securities through secondary market transactions, on tap sales by the RBI and auctions, among others. The Scheme will not invest in any other securities such as shares, debentures or bonds issued by any other entity other than the Central Government. The Mutual Fund may seek to underwrite issuance of Government securities if and to the extent permitted by SEBI / RBI and subject to the prevailing rules and regulations specified in this respect and may also participate in auctions of Government Securities from time to time.	Securities purchased may include coupon bearing, floating rate, deep discount or zero coupon securities, Government securities with put / call options, strip securities (interest only/principal only) among others. The Scheme may purchase securities through secondary market transactions, on tap sales by the RBI and auctions, among others. The Scheme will not invest in any other securities such as shares, debentures or bonds issued by any other entity other than the Central **and/or State** Government. The Mutual Fund may seek to underwrite issuance of Government securities if and to the extent permitted by SEBI / RBI and subject to the prevailing rules and regulations specified in this respect and may also participate in auctions of Government Securities from time to time.
6	SECTION II - INFORMATION ABOUT THE SCHEME E. WHAT ARE THE INVESTMENT STRATEGIES?*	The Investment Manager's primary goal is to seek to generate returns commensurate with minimal credit risk by investing in a portfolio comprising of Central Government Securities. The achievement of this goal depends, among other factors, on the magnitude of Government borrowing in a given fiscal year, the level of liquidity in the banking system and the general outlook for interest rates. Being sovereign debt, Central Government Securities carry minimal credit risk. However, Central Government Securities carry risk arising from the price movements in the market. Generally, prices of all fixed income securities have an inverse relationship with interest rate movements. The prices of fixed income securities increase when interest rates decline and vice versa. The price movement is also dependent on factors such as magnitude of change in interest rates, residual maturity of security and coupon rates. Normally, the price of longer maturity instruments will rise or fall more in relation to interest rate movements than shorter maturity instruments.	The Investment Manager's primary goal is to seek to generate returns commensurate with minimal credit risk by investing in a portfolio comprising of Central **and/or State** Government Securities. The achievement of this goal depends, among other factors, on the magnitude of Government borrowing in a given fiscal year, the level of liquidity in the banking system and the general outlook for interest rates. Central **and/or State** Government Securities carry minimal credit risk. However, Central **and/or State** Government Securities carry risk arising from the price movements in the market. Generally, prices of all fixed income securities have an inverse relationship with interest rate movements. The prices of fixed income securities increase when interest rates decline and vice versa. The price movement is also dependent on factors such as magnitude of change in interest rates, residual maturity of security and coupon rates. Normally, the price of longer maturity instruments will rise or fall more in relation to interest rate movements than shorter maturity instruments.
7.	SECTION I INTRODUCTION – A. RISK FACTORS	RISK FACTORS Standard Risk Factors: • Investment in mutual fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk, including the possible loss of principal. • As the price/value/interest rates of the securities in which the Scheme invest fluctuates, the value of your investment in the Scheme may go up or down. • Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme. • The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns. • The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 1 lakh made by it towards setting up the Mutual Fund. • The present Scheme is not a guaranteed or assured return Scheme.	RISK FACTORS Standard Risk Factors: • Investment in mutual fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk, including the possible loss of principal. • As the price/value/interest rates of the securities in which the Scheme invest fluctuates, the value of your investment in the Scheme may go up or down. • Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme. • The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns. • The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 1 lakh made by it towards setting up the Mutual Fund. • The present Scheme is not a guaranteed or assured return Scheme.

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		Additional Risk Factors for Foreign Investors: 1. Political Risk Investments in mutual fund Units in India may be materially adversely impacted by Indian politics and changes in the political scenario in India either at the central, state or local level. Actions of the central government or respective state governments in the future could have a significant effect on the Indian economy, which could affect companies, general business and market conditions, prices and yields of securities in which the Scheme invest. The occurrence of selective unrest or external tensions could adversely affect the political and economic stability of India and consequently have an impact on the securities in which the Scheme invests. Delays or changes in the development of conducive policy frameworks could also have an impact on the securities in which the Scheme invests. 2. Economic Risk A slowdown in economic growth or macro-economic imbalances such as the increase in central and state level fiscal deficits may adversely affect investments in the country. The underlying growth in the economy is expected to have a direct impact on the volume of new investments in the country. 3. Foreign Currency Risk The Scheme is denominated in Indian Rupees (INR) which is different from the home currency for Foreign Investors in the mutual fund Units. The INR value of investments when translated into home currency by Foreign Investors could be lower because of the currency movements. The AMC does not manage currency risk for foreign investors and it is the sole responsibility of the Foreign Investors to manage or reduce currency risk on their own. The Sponsor/Fund/Trustees/AMC are not liable for any loss to Foreign Investors arising from such changes in exchange rates. 4. Convertibility and Transferability Risk In the event capital and exchange controls are imposed by the government authorities, it would prevent Foreign Investors' ability to convert INR into home currency and/or transfer funds outside India. The convertibility and transferability of INR proceeds into home currency is the responsibility of the Foreign Investors. Scheme Specific Risk Factors 1. Market Liquidity Risk with Government Securities Even though the Government securities market is more liquid compared to other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility leading to constriction in market volumes. Liquidity of the Scheme may suffer in case any relevant guideline issued by RBI undergoes any adverse changes. 2. Interest Rate Risk associated with Government securities: While Government securities carry minimal credit risk since they are issued by the Government of India, they do carry price risk depending upon the general level of interest rates prevailing from time to time. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates decline, the prices of fixed income securities increase. The extent of fall or rise in the prices is a function of the coupon rate, days to maturity and the increase or decrease in the level of interest rates. The price-risk is not unique to Government securities. It exists for all fixed income securities. Therefore, their prices tend to be influenced more by movement in interest rates in the financial system than by changes in the Government's Credit Rating. By contrast, in the case of	Additional Risk Factors for Foreign Investors: 1. 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Liquidity of the Scheme may suffer in case any relevant guideline issued by RBI undergoes any adverse changes. **Further, there could be scenarios viz. where the liquidity in the securities issued by state government may be less than the securities issued by central government, Liquidity risk could be higher in long duration securities then shorter duration securities, etc** **2. Interest Rate Risk:** While Government securities carry minimal credit risk, they do carry price risk depending upon the general level of interest rates prevailing from time to time. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates decline, the prices of fixed income securities increase. The extent of fall or rise in the prices is a function of the coupon rate, days to maturity and the increase or decrease in the level of interest rates. The price-risk is not unique to Government securities. It exists for all fixed income securities. Therefore, their prices tend to be influenced more by movement in interest rates in the financial system than by changes in the Government's Credit Rating. By contrast, in the case of corporate or institutional fixed income securities, such as bonds or debentures, prices are influenced by their respective credit standing as well as the general level of interest rates.

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		corporate or institutional fixed income securities, such as bonds or debentures, prices are influenced by their respective credit standing as well as the general level of interest rates. 3. Term Structure of Interest Rates (TSIR) Risk The NAV of the Scheme's Units, to the extent that the Scheme is invested in fixed income securities, will be affected by changes in the general level of interest rates. When interest rates decline, the value of a portfolio of fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income securities can be expected to decline. 4. Re-investment Risk The investments made by the Scheme are subject to reinvestment risk. This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme are reinvested. The additional income from reinvestment is the 'interest on interest' component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed. 5. Risk associated with derivatives The Scheme may invest in fixed income derivatives for hedging and portfolio rebalancing or any other purposes as may be permitted under regulatory guidelines. The Scheme may use derivative instruments like Interest Rate Swaps, Forward Rate Agreements or other derivative as may be permitted by SEBI / RBI / such other Regulatory Authority from time to time. The use of derivatives may expose the Scheme to a higher degree of risk. In particular, derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase Scheme volatility Derivatives require the maintenance of adequate controls to monitor the transactions and the embedded market risks that they add to the portfolio. Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives. Other risks in using derivatives include but are not limited to: a. Counterparty Risk - this occurs when a counterparty fails to abide by its contractual obligations and therefore, the Schemes are compelled to negotiate with another counter party, at the then prevailing (possibly unfavorable) market price. For exchange traded derivatives, the risk is mitigated as the exchange provides the guaranteed settlement but one takes the performance risk on the exchange b. Market Liquidity risk – this occurs where the derivatives cannot be transacted due to limited trading volumes and/or the transaction is completed with a severe price impact. Identification and execution of the strategies to be pursued involve uncertainty and decision of the Investment Manager may not always be profitable. No assurance can be given that the Investment Manager will be able to identify or execute such strategies.	3. Term Structure of Interest Rates (TSIR) Risk The NAV of the Scheme's Units, to the extent that the Scheme is invested in fixed income securities, will be affected by changes in the general level of interest rates. When interest rates decline, the value of a portfolio of fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income securities can be expected to decline. 4. Re-investment Risk The investments made by the Scheme are subject to reinvestment risk. This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme are reinvested. The additional income from reinvestment is the 'interest on interest' component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed. **5. Credit Risk** **Investments in debt 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. Different types of securities in which the Scheme would invest as given in the SID carry different levels of credit risk. Accordingly, the Scheme' risk may increase or decrease depending upon their investment patterns. Even when there is no default, the price of a security may change with expected changes in the credit rating of the issuer. It is to be noted here that a Government Security is a sovereign security and is the safest. Other debt securities and SDLs carry a higher amount of credit risk than Government Securities.** 6. Risk associated with derivatives The Scheme may invest in fixed income derivatives for hedging and portfolio rebalancing or any other purposes as may be permitted under regulatory guidelines. The Scheme may use derivative instruments like Interest Rate Swaps, Forward Rate Agreements or other derivative as may be permitted by SEBI / RBI / such other Regulatory Authority from time to time. The use of derivatives may expose the Scheme to a higher degree of risk. In particular, derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase Scheme volatility. Derivatives require the maintenance of adequate controls to monitor the transactions and the embedded market risks that they add to the portfolio. Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives. Other risks in using derivatives include but are not limited to: a. Counterparty Risk - this occurs when a counterparty fails to abide by its contractual obligations and therefore, the Schemes are compelled to negotiate with another counter party, at the then prevailing (possibly unfavorable) market price. For exchange traded derivatives, the risk is mitigated as the exchange provides the guaranteed settlement but one takes the performance risk on the exchange b. Market Liquidity risk – this occurs where the derivatives cannot be transacted due to limited trading volumes and/or the transaction is completed with a severe price impact. c. Model Risk - the risk of mis-pricing or improper valuation of derivatives d. Basis Risk arises due to a difference in the price movement of the derivative vis-à-vis that of the security being hedged Identification and execution of the strategies to be pursued involve uncertainty and decision of the Investment Manager may not always be profitable. No assurance can be given that the Investment Manager will be able to identify or execute such strategies.

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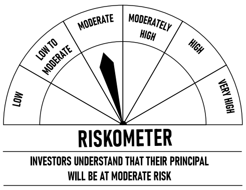
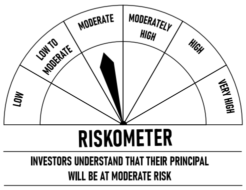
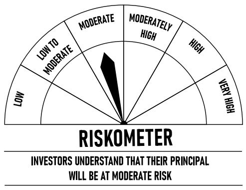
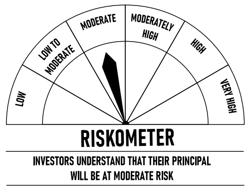
		6. Risk associated with floating rate government securities Floating rate securities issued by the Government (coupon linked to treasury bill benchmark or an inflation linked bond) have lower sensitivity to interest rate movements compared to other fixed rate securities. 7. Risks Associated with Transaction in Units Through Stock Exchange Mechanism In respect of transactions in Units of the Scheme through NSE, BSE, and/or any other recognized stock exchange, allotment and redemption of Units on any Business Day will depend upon the order processing/settlement by NSE, BSE or such other exchange and their respective clearing corporations on which the Mutual Fund has no control. Further, transactions conducted through the stock exchange mechanism shall be governed by the operating guidelines and directives issued by NSE, BSE and/ or such other recognized exchange in this regard. 8. Risk Factors Associated with Imperfect Hedging using Interest Rate Futures: • Basis Risk — risk associated with divergence in the price movement of the portfolio being hedged and the price movement of the derivative serving as the hedge e.g. a loss (gain) in the market value of bonds in the portfolio (or the part thereof that is being hedged), may be accompanied by a disproportionate gain (loss) in the market value of the derivatives being used to serve as the hedge. 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. • Mispricing Risk, or improper valuation — market circumstances may necessitate unwinding the derivative positions at sub-optimal prices during periods of market dislocation triggered by contagion or tumult e.g. if the expected upward trajectory of yields reverses course and begins to spiral downward, most participants with short Interest Rate Futures positions are likely to seek an unwinding, leading to a potential amplification in the adverse price movement, and impact therefrom. • Correlation weakening, and consequent risk of regulatory breach — SEBI regulation mandates minimum correlation criteria of 0.9 (calculated on a 90 day basis) between the portfolio being hedged and the derivative serving as the hedge; in cases where this limit is breached (i.e. when the 90-day correlation falls below 0.9), a rebalancing period of 5 working days has been permitted. Inability to satisfy this requirement within the stipulated period due to difficulties in re-balancing would lead to a lapse of the exemption in gross exposure computation. The entire derivative exposure would then need to be included in gross exposure, which may result in gross exposure in excess of 100% of net asset value; leverage is not permitted as per SEBI guidelines.	**7. Risk associated with floating rate government securities** Floating rate **Government** securities (coupon linked to treasury bill benchmark or an inflation linked bond) have lower sensitivity to interest rate movements compared to other fixed rate securities. **In a floating rate security, the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.** **8.** Risks Associated with Transaction in Units Through Stock Exchange Mechanism In respect of transactions in Units of the Scheme through NSE, BSE, and/or any other recognized stock exchange, allotment and redemption of Units on any Business Day will depend upon the order processing/settlement by NSE, BSE or such other exchange and their respective clearing corporations on which the Mutual Fund has no control. Further, transactions conducted through the stock exchange mechanism shall be governed by the operating guidelines and directives issued by NSE, BSE and/ or such other recognized exchange in this regard. **9.** Risk Factors Associated with Imperfect Hedging using Interest Rate Futures: • Basis Risk — risk associated with divergence in the price movement of the portfolio being hedged and the price movement of the derivative serving as the hedge e.g. a loss (gain) in the market value of bonds in the portfolio (or the part thereof that is being hedged), may be accompanied by a disproportionate gain (loss) in the market value of the derivatives being used to serve as the hedge. 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. • Mispricing Risk, or improper valuation — market circumstances may necessitate unwinding the derivative positions at sub-optimal prices during periods of market dislocation triggered by contagion or tumult e.g. if the expected upward trajectory of yields reverses course and begins to spiral downward, most participants with short Interest Rate Futures positions are likely to seek an unwinding, leading to a potential amplification in the adverse price movement, and impact therefrom. • Correlation weakening, and consequent risk of regulatory breach — SEBI regulation mandates minimum correlation criteria of 0.9 (calculated on a 90 day basis) between the portfolio being hedged and the derivative serving as the hedge; in cases where this limit is breached (i.e. when the 90-day correlation falls below 0.9), a rebalancing period of 5 working days has been permitted. Inability to satisfy this requirement within the stipulated period due to difficulties in re-balancing would lead to a lapse of the exemption in gross exposure computation. The entire derivative exposure would then need to be included in gross exposure, which may result in gross exposure in excess of 100% of net asset value; leverage is not permitted as per SEBI guidelines. **10. Risk of substantial redemption:** **The Scheme(s) at times may receive large number of redemption requests, leading to an asset-liability mismatch and therefore, requiring the investment manager to make a distress sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments.** **11. Risks Associated with exposure in Tri-party Repo (TREPS):** **DSP Mutual Fund is a member of Securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India Limited (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally by CCIL which helps reduce the settlement and counterparty risks for these transactions. CCIL manages the risks through its risk management processes such that the ultimate**

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
		RISK MANAGEMENT STRATEGIES 1. Market Liquidity Risk with Government Securities Amongst all the segments of the fixed income market in India, the government securities market demonstrates the highest market liquidity. The liquidity varies from security to security with benchmark securities for the reference tenors like 10 years, 5 years etc. showing relatively higher market liquidity. With time, the benchmark liquidity changes and hence liquidity propagates from one security to the other. The liquidity risk will be managed and/or sought to be addressed by creating a portfolio which has adequate access to liquidity. The Investment Manager will select fixed income securities, which have or are expected to have high secondary market liquidity. 2. Term Structure of Interest Rates (TSIR) Risk The Investment Manager will endeavor to actively manage the duration based on the ensuing market conditions. 3. Re-investment Risk The Investment Manager will endeavor that besides the tactical and/or strategic interest rate calls, the portfolio is fully invested. 4. Risk associated with derivatives The guidelines issued by SEBI / RBI from time to time for forward rate agreements and interest rate swaps and other derivative products would be adhered to. 5. Risk associated with floating rate securities There is restricted liquidity in floating rate securities, resulting in lack of price discovery. Hence, incremental investments in floating rate securities are going to be limited. 6. Risk Management & Liquidity Management tools DSP mutual fund schemes as mandated wide various SEBI & AMFI circulars, have adopted the following for risk management & liquidity management tools. 1. Potential Risk Matrix (PRC) & Risk-o-meter: Investors are requested to review this scheme's Potential Risk Matrix (PRC) to understand the maximum risk that this scheme will run as per design and & Risk-o-meter to understand periodical measurement of that risk on a regular basis. Investor are suggested to read about various disclosures under the section "C.PERIODIC DISCLOSURES" pertaining to "Compliance with Potential Risk Class Matrix norms" & "Risk-o-meter" to understand in detail the disclosure frequency and remedial measures in case of breaches in the boundaries. 2. Mandatory Liquidity requirement: DSP mutual fund scheme adopts the Liquidity Risk Management framework mandated by SEBI and AMFI which helps estimates liquidity requirement by determining liquidity risk arising from the liability side and tries to covers all potential liquidity risk scenarios up to agreed confidence interval and has mandated remedial measures both for managing the risk on an ongoing basis (LRaR & LCRaR) as well as action plan in case there is a difference between actual outcome and projected outcome. Investors can refer to the circular 135/ BP/93/ 2021-22 dated July 24, 2021 and subsequent circulars for detail understanding on the Liquidity Risk Management Framework. Further Investment manager also evaluates and monitors the Asset Liability Mismatch (ALM) which addresses the gap in the estimated potential liquidity requirement over a 90-day period and schemes investment / assets liquidity to meet the potential requirement and best ensures that scheme has necessary liquidity to meets its liability obligations.	**risk to its members from fails is either eliminated or reduced to the minimum. CCIL thus maintains margin and default fund contributions of each member for various business segments as per the terms of its Bye Laws, Rules and Regulations to cover potential losses arising from the default member.** **In an event of any clearing member failing to honor settlement obligations, the margin and default Fund is utilized to complete the settlement. As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been utilized, CCIL's own contribution is used to meet the losses and thereafter any residual loss is appropriated from the contributions of the non-defaulting members.** **Thus the scheme is subject to risk of the margin and default fund contribution being appropriated in the case of failure of any settlement obligations. Further, the scheme's contribution may be used to meet the residual loss in case of default by the other clearing member (the defaulting member).** **The risk factors may undergo change in case the CCIL notifies securities other than Government of India securities as eligible for contribution as collateral.** **12. Risk from zero coupon securities:** **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 rates. Therefore, the interest rate risk of zero coupon securities is higher than the coupon paying security. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.** RISK MANAGEMENT STRATEGIES **1. Market Liquidity Risk** Amongst all the segments of the fixed income market in India, the government securities market demonstrates the highest market liquidity. The liquidity varies from security to security with benchmark securities for the reference tenors like 10 years, 5 years etc. showing relatively higher market liquidity. With time, the benchmark liquidity changes and hence liquidity propagates from one security to the other. The liquidity risk will be managed and/or sought to be addressed by creating a portfolio which has adequate access to liquidity. The Investment Manager will select other debt securities, which have or are expected to have high secondary market liquidity. **2. Term Structure of Interest Rates (TSIR) Risk** **The Scheme is expected to have duration based on the investment objective and limits defined in the scheme documents. Depending on the nature of the scheme, the Term Structure of Interest Rates (TSIR) Risk cannot be eliminated and it exists as a primary feature of the scheme.** 3. Re-investment Risk The Investment Manager will endeavor that besides the tactical and/or strategic interest rate calls, the portfolio is fully invested. **4. Risk associated with derivatives** **Investment managers will ensure adherence to the limits and the guidelines as issued by SEBI / RBI from time to time for forward rate agreements and interest rate swaps and other fixed income derivative products.** 5. Risk Management & Liquidity Management tools DSP Mutual Fund schemes as mandated wide various SEBI & AMFI circulars, have adopted the following for risk management & liquidity management tools.

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
		3. Stress testing the scheme portfolio: The investment manager periodically stress test the scheme portfolio to addresses the asset side risk from an Interest Rate, Credit and Liquidity Risk perspective at an aggregate portfolio level and evaluate the stress in terms of its impact on the NAV of the scheme. The stress test is performed using the methodology and periodicity as mandated by AMFI in consultation to SEBI 4. Swing Pricing: DSP mutual fund scheme has Swing Pricing policy in place to help in case of severe liquidity stress at an AMC level or a severe dysfunction at market level, the Swing Pricing offers the contingency plan in case of extreme exigencies. Investors are suggested to read the detail disclosure pertaining to this policy in Section N. "Swing Pricing Framework"	1. Potential Risk Matrix (PRC) & Risk-o-meter: Investors are requested to review this scheme's Potential Risk Matrix (PRC) to understand the maximum risk that this scheme will run as per design and & Risk-o-meter to understand periodical measurement of that risk on a regular basis. Investor are suggested to read about various disclosures under the section "C.PERIODIC DISCLOSURES" pertaining to "Compliance with Potential Risk Class Matrix norms" & "Risk-o-meter" to understand in detail the disclosure frequency and remedial measures in case of breaches in the boundaries. 2. Mandatory Liquidity requirement: DSP Mutual Fund scheme adopts the Liquidity Risk Management framework mandated by SEBI and AMFI which helps estimates liquidity requirement by determining liquidity risk arising from the liability side and tries to covers all potential liquidity risk scenarios up to agreed confidence interval and has mandated remedial measures both for managing the risk on an ongoing basis (LRaR & LCRaR) as well as action plan in case there is a difference between actual outcome and projected outcome. Investors can refer to the circular 135/ BP/93/ 2021-22 dated July 24, 2021 and subsequent circulars for detail understanding on the Liquidity Risk Management Framework. Further Investment manager also evaluates and monitors the Asset Liability Mismatch (ALM) which addresses the gap in the estimated potential liquidity requirement over a 90-day period and schemes investment / assets liquidity to meet the potential requirement and best ensures that scheme has necessary liquidity to meets its liability obligations. **This scheme will be primarily investing in the Government securities and thus investment manager expect the scheme will be able to meet its redemption obligations without any major asset liability mismatch.** 3. Stress testing the Scheme portfolio: The investment manager periodically stress test the scheme portfolio to addresses the asset side risk from an Interest Rate, Credit and Liquidity Risk perspective at an aggregate portfolio level and evaluate the stress in terms of its impact on the NAV of the scheme. The stress test is performed using the methodology and periodicity as mandated by AMFI in consultation to SEBI **This Scheme will be primarily investing in the Government Securities and thus credit risk will be minimal.**
8.	ANY OTHER CHANGES – PRODUCT LABELLING OF THE SCHEME	This open ended income scheme is suitable for investor who are seeking * • Income over a long term investment horizon • Investment in Central government securities * Investors should consult their financial advisers if in doubt about whether the Scheme is suitable for them. **RISKOMETER#** **Scheme**:  **Benchmark** Crisil Dynamic Gilt Index: 	This open ended income scheme is suitable for investor who are seeking * • Income over a long term investment horizon • Investment in Central **and /or State** government securities * Investors should consult their financial advisers if in doubt about whether the Scheme is suitable for them. **RISKOMETER#** **Scheme**:  **Benchmark** Crisil Dynamic Gilt Index: 

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
9.	ANY OTHER CHANGES – DEFINITIONS	**Central Government Securities** - Securities created and issued by the Central Government, as such Government Securities defined under Section (2) of the Public Debt Act, 1944 (18 of 1944)	**Government Securities - Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in the Government Securities Act, 2006, as amended or re-enacted from time to time.**

* Considered as Fundamental Attribute Change

Note: All other features of the Scheme except those mentioned above will remain unchanged.

4. The Board of Directors of DSP Asset Managers Private Limited and the Board of Directors of DSP Trustee Private Limited, have approved the above proposed changes. Further, SEBI, vide its email dated December 29, 2023 has communicated its no-objection for the proposed changes.

5. In line with regulatory requirements, for scheme where a change in fundamental attributes is being proposed, we are offering an exit window ("Exit Option") to the Unit holders of 30 days (minimum 30 days) from January 24, 2024 to February 22, 2024 (both days inclusive) ("Exit Option Period"). These changes will be effective from February 23, 2024 ("Effective Date"). During the Exit Option Period, unit holders not consenting to the change may either switch to any other scheme of the Fund or redeem their investments at applicable Net Asset Value without payment of exit load subject to provisions of applicable cut-off time as stated in the Scheme Information Document of the Scheme. All transaction requests received on or after February 23, 2024 will be subject to applicable exit load (if any), as may be applicable to the Scheme mentioned above.

6. Redemption/switch requests, if any, may be lodged at any of the Official Points of Acceptance of the Fund.

7. The above information is also available on the website of the Fund i.e. www.dspim.com.

8. Unit holders who have pledged / encumbered their units will not have the option to exit unless they submit a letter of release of their pledges / encumbrances prior to submitting their redemption / switch requests.

9. Investors who have registered for Systematic Investment Plan (SIP) in the Scheme and who do not wish to continue their future investments must apply for cancellation of their SIP registrations.

10. The redemption warrant/cheque will be mailed or the amount of redemption will be credited to the unit holders bank account (as registered in the records of the Registrar, Computer Age Management Services Limited) within applicable regulatory guidelines.

11. **It may be noted that the offer to exit is purely optional and not compulsory. If the Unit holder has no objection to the aforesaid change, no action is required to be taken and it would be deemed that such Unit holder has consented to the aforesaid change.**

12. Please note that unit holders who do not opt for redemption on or before February 22, 2024 (upto 3:00 P.M) shall be deemed to have consented to the changes specified herein above and shall continue to hold units in the Scheme of the Fund. In case the unit holders disagree with the aforesaid changes, they may redeem all or part of the units in the Scheme of the Fund by exercising the Exit Option, without exit load within the Exit Option Period by submitting a redemption request online or through a physical application form at any official point of acceptance/investor service center of the AMC or to the depository participant (DP) (in case of units held in Demat mode). Unit holders can also submit the normal redemption form for this purpose.

13. The option to redeem the Units without exit load during the Exit Option Period can be exercised in the following manner:

    (a) Unit holders can submit redemption requests online or via duly completed physical application form at any official points of acceptance/investor service center of the AMC or to the DP (in case of units held in Demat mode).

    (b) The redemption/ switch requests shall be processed at applicable NAV as per time stamping provisions contained in the SID of the Scheme.

    (c) Unit holders should ensure that any changes in address or pay-out bank details required by them, are updated in Fund's records at least 10 (Ten) working days before exercising the Exit Option. Unit holders holding Units in dematerialized form may approach their DP for such changes.

14. The expenses related to the proposed changes and other consequential changes as outlined above will not be charged to the unit holders of the Scheme of the Fund

15. **Tax Consequences:**

    Redemption / switch-out of units from the Scheme may entail capital gain/loss in the hands of the unitholder. For unit holders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information of the Fund and Scheme Information Document of Scheme of the Fund would be applicable. In case of NRI investors, TDS shall be deducted from the redemption proceeds in accordance with the prevailing income tax laws. In view of the individual nature of tax consequences, Unitholders are advised to consult their professional tax advisors for tax advice.

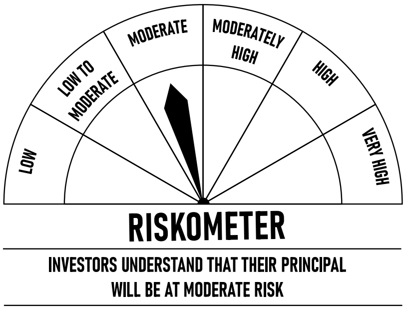
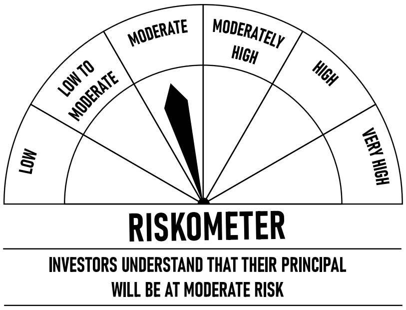
Unit holders who require any further information may contact:

DSP Asset Managers Private Limited ("AMC")
CIN: U65990MH2021PTC362316
Investment Manager for DSP Mutual Fund
Mafatlal Centre, 10th Floor, Nariman Point, Mumbai 400 021
Tel. No.: 91-22 66578000, Fax No.: 91-22 66578181
Toll-free: 1800 208 4499 or 1800 200 4499
Email ID: service@dspim.com Website: www.dspim.com

This open ended income scheme is suitable for investor who are seeking *

- Income over a long term investment horizon
- Investment in Central government securities

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

Riskometer#	
Scheme	**Benchmark** Crisil Dynamic Gilt Index
	

(# For latest Riskometers, investors may refer on the website of the fund viz. www.dspim.com)

Potential Risk Class			
Credit Risk →	**Relatively Low (Class A)**	**Moderate (Class B)**	**Relatively High (Class C)**
Interest Rate Risk ↓			
Relatively Low (Class I)	-	-	-
Moderate (Class II)	-	-	-
Relatively High (Class III)	A-III	-	-

We look forward to your continued support.

Yours sincerely,

For and on behalf of DSP Asset Managers Private Limited

Sd/-
Authorised signatory

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.