DSP ASSET MANAGERS

October 22, 2024

Dear Unit Holder,

Sub: Change in fundamental attributes of DSP Equity & Bond Fund (‘Scheme’) of DSP Mutual Fund (‘Fund’).

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) read with Regulation 25 (26) 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 Equity & Bond Fund

2. **Rationale of the change/s:**

i. **Increasing Equity Allocation Range from the ‘65% - 75%’ to ‘65% - 80%’** – As per the existing asset allocation of the Scheme, the exposure to equity and equity related securities is enabled upto 75%. However, as per the requirement of clause 2.6 SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 (‘SEBI Master Circular’) on ‘Categorization and Rationalization of Mutual Fund Schemes’, the aggressive hybrid category scheme is allowed to invest up to 80% in equity and equity related securities. Hence, it is proposed to increase the maximum range of equity allocation to 80% is in line with SEBI Master Circular in order to provide more flexibility to increase equity exposure when markets become attractive. Accordingly, it is also proposed to revise the allocation to fixed income securities to 20% to 35%.

ii. **Enabling covered call strategy** - In accordance with SEBI (Mutual Funds) Regulations, 1996 and clause 12.25 of SEBI Master Circular, schemes are allowed to write call options under a covered call strategy subject to guidelines issued by SEBI from time to time. It is proposed to enable writing of call options under a covered call strategy for the purpose of generating additional return in the form of option premium.

iii. **Enabling Investment in Overseas Securities** – It is proposed to enable the overseas investment in the Scheme. This enablement can help to explore overseas opportunities in order to improve risk reward profile of the fund.

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

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Existing Scheme Features</th><th>Proposed Scheme Features
(changes are highlighted in Bold)</th></tr>
<tr><td>1.</td><td>Name of the Scheme</td><td>DSP Equity & Bond Fund</td><td>DSP Aggressive Hybrid Fund</td></tr>
<tr><td>2.</td><td>Category of the Scheme</td><td>Aggressive Hybrid Fund</td><td>Aggressive Hybrid Fund
(There is no change in the category of the Scheme)</td></tr>
<tr><td>3.</td><td>Asset Allocation Pattern*</td><td>Under normal circumstances, it is anticipated that the asset allocation of the Scheme shall be as follows:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity and equity related securities</td><td>65%</td><td>75%</td></tr>
<tr><td>Fixed income securities (Debt, securitized debt and money market securities)</td><td>25%</td><td>35%</td></tr>
</table>
Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars)
<table>
<tr><th>Sl. no</th><th>Type of Instrument</th><th>Percentage of exposure</th><th>Circular references</th></tr>
<tr><td>1.</td><td>Securities Lending</td><td>Upto 20 % (Single intermediary 5%)</td><td>Clause 12.11 of the SEBI Master Circular</td></tr>
<tr><td>2.</td><td>Derivatives</td><td>Upto 100%</td><td>Clause 12.25 of the SEBI Master Circular</td></tr>
<tr><td>3.</td><td>Equity Derivatives for non- hedging purposes</td><td>Upto 75%</td><td>Clause 12.25 of the SEBI Master Circular</td></tr>
<tr><td>4.</td><td>Securitized Debt</td><td>Upto 35%
Foreign securitised debt - Nil</td><td>-</td></tr>
</table>
</td><td>Under normal circumstances, it is anticipated that the asset allocation of the Scheme shall be as follows:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity and equity related Instruments</td><td>65%</td><td>80%</td></tr>
<tr><td>Debt instruments</td><td>20%</td><td>35%</td></tr>
</table>
Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars)
<table>
<tr><th>Sl. no</th><th>Type of Instrument</th><th>Percentage of exposure</th><th>Circular references</th></tr>
<tr><td>1.</td><td>Securities Lending</td><td>Upto 20 % (Single intermediary 5%)</td><td>Clause 12.11 of the SEBI Master Circular</td></tr>
<tr><td>2.</td><td>Derivatives</td><td>Upto 100%</td><td>Clause 12.25 of the SEBI Master Circular</td></tr>
<tr><td>3.</td><td>Equity Derivatives for non- hedging purposes</td><td>Upto 80%</td><td>Clause 12.25 of the SEBI Master Circular</td></tr>
<tr><td>4.</td><td>Securitized Debt</td><td>Upto 35%

Foreign securitised debt - Nil</td><td>-</td></tr>
</table>
</td></tr>
</table>

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)

Existing Scheme Features

Sl. no	Type of Instrument	Percentage of exposure	Circular references
5.	Overseas Securities	Nil	-
6.	ReITS and InVITS	Nil	-
7.	Debt Instruments with special features (AT1 and AT2 Bonds)	Upto 10% (upto 5%- single issuer) of the debt portfolio	Clause 12.2 of the SEBI Master Circular
8.	Debt Instruments with SO / CE rating	Upto 10% of the debt portfolio and the group exposure in such instruments shall not exceed 5% of the debt portfolio	Clause 12.3 of the SEBI Master Circular
9.	Tri-party repos (including reverse repo in T-bills and G-sec)	Upto 35%	-
10.	Other / own mutual funds	Upto 5% Mutual Fund level	-
11.	Repo/ reverse repo transactions in corporate debt securities	Nil	-
12.	Credit Default Swap transactions	Nil	-
13.	Writing of call options under covered call strategy	Nil	-
14.	unrated debt and money market instruments	Upto 5% (refer Note 1)	Clause 12.1 of the SEBI Master Circular
15.	Short Selling	In terms of guidelines prescribed by SEBI	Regulation 45 (2) of SEBI (Mutual Funds) Regulations, 1996
16.	Short Term Deposit	Refer Note 2	Clause 12.16 of the SEBI Master Circular

Indicative table is subset of primary asset allocation table mentioned above and both shall be read in conjunction.

Note 1- All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.

Note 2 -Investment in Short-Term Deposits-

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:

1. The term ‘short term’ for parking of funds shall be treated as a period not exceeding 91 days.
2. Such deposits shall be held in the name of the Scheme.
3. 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.
4. 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.

Proposed Scheme Features (changes are highlighted in Bold)

Sl. no	Type of Instrument	Percentage of exposure	Circular references
5.	Overseas Securities	**Upto 15%** **Foreign Debt- Nil**	**Clause 12.19 of the SEBI Master Circular**
6.	ReITS and InVITS	Nil	-
7.	Debt Instruments with special features (AT1 and AT2 Bonds)	Upto 10% (upto 5%- single issuer) of the debt portfolio	Clause 12.2 of the SEBI Master Circular
8.	Debt Instruments with SO / CE rating	Upto 10% of the debt portfolio and the group exposure in such instruments shall not exceed 5% of the debt portfolio	Clause 12.3 of the SEBI Master Circular
9.	Tri-party repos (including reverse repo in T-bills and G-sec)	Upto 35%	-
10.	Other / own mutual funds	Upto 5% Mutual Fund level	-
11.	Repo/ reverse repo transactions in corporate debt securities	Nil	-
12.	Credit Default Swap transactions	Nil	-
13.	Writing of call options under covered call strategy	**Refer Note 1**	**Clause 12.25.8 of the SEBI Master Circular**
14.	Unrated debt and money market instruments	Upto 5% (Refer Note 2)	Clause 12.1 of the SEBI Master Circular
15.	Short Selling	In terms of guidelines prescribed by SEBI	Regulation 45 (2) of SEBI (Mutual Funds) Regulations, 1996
16.	Short Term Deposit	Refer Note 3	Clause 12.16 of the SEBI Master Circular

Indicative table is subset of primary asset allocation table mentioned above and both shall be read in conjunction.

Note 1- Mutual Fund schemes (except Index Funds and ETFs) may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:

a. The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme.

b. The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.

c. At all points of time the Mutual Fund scheme shall comply with the provisions at (a) and (b) above. In case of any passive breach of the requirement at (a), the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme.

d. In case a Mutual Fund scheme needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with (a) and (b) above while selling the securities.

e. In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts

f. The premium received shall be within the requirements prescribed in terms of Clause 12.25.2 of SEBI Master Circular i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the scheme.

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
		5. 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 that Scheme. 6. AMC will not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks. 7. 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. Stock lending Subject to SEBI (MF) Regulations and the applicable guidelines issued by SEBI, the Mutual Fund may engage in stock lending. The AMC shall comply with all reporting requirements and the Trustee shall carry out periodic review as required by SEBI guidelines. Stock lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period. The Investment Manager will apply the following limits, should it desire to engage in Stock Lending: 1. Not more than 20% of the net assets of a Scheme can generally be deployed in Stock Lending. 2. Not more than 5% of the net assets of a Scheme can generally be deployed in Stock Lending to any single intermediary. <u>Cumulative gross exposure –</u> As per clause 12.24 of the SEBI Master Circular, the cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the scheme. Cash and cash equivalents as per SEBI letter no. SEBI/HO/ IMD-II/DOF3/ OW/P/ 2021/ 31487 / 1 dated November 03, 2021 which includes T-bills, Government Securities, Repo on Government Securities and any other securities as may be allowed under the regulations prevailing from time to time subject to the regulatory approval, if any, having residual maturity of less than 91 Days, shall not be considered for the purpose of calculating gross exposure limit. **Portfolio Rebalancing:** The percentage of the Scheme's corpus invested in equity securities and fixed income securities may increase subject to a maximum of 75% and 35% respectively and in the event of the same rising above 75% and 35% respectively, a review and rebalancing of the asset allocation will be called for by the Investment Manager in following manner- **Rebalancing of deviation due to short term defensive consideration:** Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a short term on defensive considerations in line with clause 1.14.1.2 of the SEBI Master Circular; the intention being at all times to protect the interests of the Unit Holders and the Scheme shall endeavor to rebalance the portfolio within 30 calendar days. 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.	**g. The exposure on account of the call option written under the covered call strategy shall not be considered as exposure for the purpose of calculating cumulative gross exposure.** **h. The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the respective scheme(s) until the position is closed or expired.** Note 2- All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees. Note 3-Investment in Short-Term Deposits- 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: 1. The term 'short term' for parking of funds shall be treated as a period not exceeding 91 days. 2. Such deposits shall be held in the name of the Scheme. 3. 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. 4. 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. 5. 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 that Scheme. 6. AMC will not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks. 7. 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. <u>Stock lending</u> Subject to SEBI (MF) Regulations and the applicable guidelines issued by SEBI, the Mutual Fund may engage in stock lending. The AMC shall comply with all reporting requirements and the Trustee shall carry out periodic review as required by SEBI guidelines. Stock lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period. The Investment Manager will apply the following limits, should it desire to engage in Stock Lending: 1. Not more than 20% of the net assets of a Scheme can generally be deployed in Stock Lending. 2. Not more than 5% of the net assets of a Scheme can generally be deployed in Stock Lending to any single intermediary. <u>Cumulative gross exposure –</u> As per clause 12.24 of the SEBI Master Circular, the cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the scheme. Cash and cash equivalents as per SEBI letter no. SEBI/HO/ IMD-II/ DOF3/ OW/P/ 2021/ 31487 / 1 dated November 03, 2021 which includes T-bills, Government Securities, Repo on Government Securities and any other securities as may be allowed under the regulations prevailing from time to time subject to the regulatory approval, if any, having residual maturity of less than 91 Days, shall not be considered for the purpose of calculating gross exposure limit.

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
		Portfolio rebalancing in case of passive breach: As per Clause 2.9 of the SEBI Master Circular and 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 Clause 2.9 of the SEBI Master Circular.	Portfolio Rebalancing: Rebalancing of deviation due to short term defensive consideration: Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a short term on defensive considerations in line with clause 1.14.1.2 of the SEBI Master Circular; the intention being at all times to protect the interests of the Unit Holders and the Scheme shall endeavor to rebalance the portfolio within 30 calendar days. 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. Portfolio rebalancing in case of passive breach: As per Clause 2.9 of the SEBI Master Circular and 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 Clause 2.9 of the SEBI Master Circular.
4.	Investment Strategy*	**Strategy for Equity Securities** The Investment Manager prefers adopting a top-down approach with regard to investment in equity and equity related securities. This approach encompasses an evaluation of key economic trends, an analysis of various sectors in the economy leading to an outlook on their future prospects and a diligent study of various investment opportunities within the favoured sectors. In picking out individual investment opportunities for the portfolio, the Investment Manager will seek both value and growth. Value is discerned when the Investment Manager believes that the inherent worth or long-term growth potential of a company is not fully reflected in the share price of the company. Growth stocks, as the term suggests, are those stocks that are currently in the growth phase. Such growth in earnings could be due to a new product, a new process, growing market share, stronger brand equity, technological breakthrough and unique or predominant position in a market, among other factors. The Investment Manager will conduct in-house research in order to identify value and growth stocks. The analysis will focus, among other things, on the historical and current financial condition of the company, capital structure, business prospects, strength of management, responsiveness to business conditions, product profile, brand equity, market share, competitive edge, research and technological know-how and transparency in corporate governance. The quality or strength or management would be a key focus area.	*Following section is modified as follows-* Strategy for Equity Securities **The Investment Manager follows an active investing strategy and will prefer a combination of bottom-up and top-down approach with regards to investment in equity and equity related securities. In picking out individual investment opportunities for the portfolio, the Investment Manager will focus on intrinsic value of the business. The investment manager will attempt to mitigate risk by prioritizing businesses that offer a higher margin of safety with respect to the intrinsic value.** The analysis will focus, among other things, on the historical and current financial conditions of the company, capital structure, business prospects, strength of management, responsiveness to business conditions, product profile, brand equity, market share, competitive edge, research and technological know-how and transparency in corporate governance. **The quality and strength of management would be a key focus area.** *Following provision is added -* **Overseas securities** **The scheme will also invest in overseas securities as permitted by SEBI in accordance with the asset allocation pattern.** **'Covered Call' under Equity Derivatives section-** • **The covered call strategy can be followed by the Fund Manager in order to hedge risk thereby resulting in better risk adjusted returns of the Scheme. This strategy is also employed when the Fund Manager has a short-term neutral view on the asset and for this reason holds the asset long and simultaneously takes a short position via covered call option strategy to generate income from the option premium.**

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
5.	Any other changes Section I Where will the Scheme invest?	DSPEBF will have an appropriate mix of equity securities and fixed income securities depending upon the prevailing market outlook for each asset class. The objective is to generate a combination of long term capital appreciation and current income from a portfolio containing a mix of equity and equity related securities and fixed income securities. In order to avail of the tax concessions it is envisaged that investible funds of more than 65% of the total proceeds of the Scheme will be invested in equity shares of domestic companies. However, if the tax concessions are subsequently withdrawn or if the Investment Manager believes, it is in the best interests of the Unit Holders, the Investment Manager may choose not to adhere to the weightage accorded to equity shares, as envisaged above. Under normal circumstances, equity and equity related securities will be accorded a minimum weightage of 65% of the net assets of the Scheme; fixed income securities will be accorded a minimum weightage of 25%, and the remaining 10% will be invested in either fixed income or equity and equity related securities depending upon the Investment Manager's outlook for each of the above asset classes. Equity related securities include, but are not limited to, fully convertible debentures, partly convertible debentures, convertible preference shares and warrants converting into equity securities. The corpus of the Scheme can be invested in any (but not exclusively) of the following securities: 1. Equity and equity related instruments 2. Equity Derivatives, which are financial instruments, generally traded on the stock exchange, the price of which is directly dependent upon (i.e., "derived from") the value of equity shares or equity indices. 3. Derivatives involve the trading of rights or obligations based on the underlying, but do not directly transfer property 4. Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills); 5. Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills); 6. Fixed Income Securities of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee; 7. Debt obligations of the Government of India, state and local governments, government agencies, statutory bodies, public sector undertakings, scheduled commercial banks, non-banking finance companies, development financial institutions, supranational financial institutions, corporate entities and trusts 8. Corporate debt (of both public and private sector undertakings); 9. Money market instruments as permitted by SEBI/RBI; 10. Debt Instruments with special features (AT1 and AT2 Bonds) 11. Usance bills; 12. Tri-party repos (including reverse repo in T-bills and G-sec) 13. Short – Term Deposit 14. Securitised Debt; 15. Debt Instruments with SO / CE rating 16. Pass through, Pay through or other Participation Certificates, representing interest in a pool of assets including receivables 17. The non-convertible part of convertible securities; 18. Derivative instruments like Interest Rate Swaps, Forward Rate Agreements, Interest Rate Derivatives and such other derivative instruments permitted by SEBI/RBI. 19. Units of Mutual funds as may be permitted by regulations 20. Structured Notes 21. Any other debt and money markets as permitted by SEBI / RBI from time to time.	**The Scheme** will have an appropriate mix of equity securities and **Debt instruments** depending upon the prevailing market outlook for each asset class **and as per asset allocation pattern stated in section "How will the scheme allocate its assets?"** The corpus of the Scheme can be invested in any (but not exclusively) of the following securities: **Equity and Equity related Instruments:** 1. Equity and equity related instruments 2. Equity Derivatives, which are financial instruments, generally traded on the stock exchange, the price of which is directly dependent upon (i.e., "derived from") the value of equity shares or equity indices. **3. Overseas Securities as permitted by Reserve Bank of India and/or Securities and Exchange Board of India including but not limited to overseas ETFs/ index funds/ADRs/GDRs** 4. Units of Mutual Fund Schemes **Debt instruments:** 1. Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills); 2. Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills); 3. **Debt instruments** of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee; 4. Debt obligations of the Government of India, state and local governments, government agencies, statutory bodies, public sector undertakings, scheduled commercial banks, non-banking finance companies, development financial institutions, supranational financial institutions, corporate entities and trusts 5. Corporate debt (of both public and private sector undertakings); 6. Money market instruments as permitted by SEBI/RBI; 7. Debt Instruments with special features (AT1 and AT2 Bonds) 8. Usance bills; 9. Tri-party repos (including reverse repo in T-bills and G-sec) 10. Short – Term Deposit 11. Securitised Debt; 12. Debt Instruments with SO / CE rating 13. Pass through, Pay through or other Participation Certificates, representing interest in a pool of assets including receivables 14. The non-convertible part of convertible securities; 15. Derivative instruments like Interest Rate Swaps, Forward Rate Agreements, Interest Rate Derivatives and such other derivative instruments permitted by SEBI/RBI. 16. Units of Mutual funds as may be permitted by regulations 17. Structured Notes **Any other like instruments as may be permitted by RBI/SEBI/such other Regulatory Authority from time to time.** The securities mentioned in, "Where will the Scheme invest?", could be listed, to be listed, unlisted, privately placed, secured, unsecured, rated or unrated (subject to the rating or equivalency requirements discussed above) and of any maturity. The securities may be acquired through secondary market operations, primary issues/ offerings, other public offers, Private Placement and negotiated deals amongst other mechanisms. **Investment in Overseas Financial Assets/Foreign Securities-** **Investment in overseas securities shall be in accordance with the requirements stipulated by SEBI and RBI from time to time.** For detailed definition/description of instruments and applicable regulations/ guidelines for instruments please refer Section II.

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
		The securities mentioned in, “Where will the Scheme invest?”, could be listed, to be listed, unlisted, privately placed, secured, unsecured, rated or unrated (subject to the rating or equivalency requirements discussed above) and of any maturity. The securities may be acquired through secondary market operations, primary issues/offerings, other public offers, Private Placement and negotiated deals amongst other mechanisms. For detailed definition/description of instruments and applicable regulations/guidelines for instruments please refer Section II.	
6.	Any other changes SECTION II Where will the Scheme invest?	Not Applicable	*Following is added to the exiting scheme feature.* *The following is added under heading “The corpus of the Scheme can be invested in any (but not exclusively) of the following securities:”* **Overseas Securities as permitted by Reserve Bank of India and Securities and Exchange Board of India including overseas ETFs/index funds/ADRs/GDRs.** **Overseas securities - Overseas securities refers to securities which are domiciled in a country other than India.** *The following is added under heading “Applicable guidelines for the instruments/ securities in which the Scheme will invest:”* **<u>Investment in Overseas Financial Assets/overseas Securities-</u>** **According to clause 12.19 of the SEBI Master Circular mutual funds can invest in ADRs/GDRs/other specified foreign securities and such investments are subject to maximum of US $ 1 billion per Mutual Fund and overall limit of US$ 7 billion for all mutual funds put together. The overall ceiling for investment in overseas ETFs that invest in securities is US$ 1 billion subject to a maximum of US$ 300 million per mutual fund.** **The fund manager appointed for making overseas investments by the Mutual Fund will be in accordance with the applicable requirements of SEBI.** **Further, SEBI vide its letter no. SEBI/HO/OW/IMD-II/DOF3/P /25095/2022 dated June 17, 2022 had advised AMFI that Mutual Fund schemes may resume subscriptions and make investments in overseas funds/securities upto the headroom available, without breaching the overseas investment limits as of end of day of February 01, 2022 at Mutual Fund level.** **SEBI vide email dated March 19, 2024, and AMFI email dated March 20, 2024, has directed AMCs to suspend subscriptions intending to invest in overseas ETFs w.e.f April 01, 2024. The investment in overseas securities (in other overseas schemes – other than overseas ETFs) may continue till further communication from SEBI.** **On an ongoing basis, the AMC is allowed to invest in overseas securities upto 20% of the average Asset Under Management (‘AUM’) in overseas securities of the previous three calendar months subject to maximum limit of USD 1 billion at Fund house level. Clause 12.19.1.3.d of the SEBI Master Circular has clarified that the aforesaid 20% limit for ongoing investment in overseas securities will be soft limit for purpose of reporting only on a monthly basis to SEBI.** **<u>Writing call options under Covered call strategy</u>** **A call option gives the holder (buyer) the right but not the obligation to buy an asset by a certain date for a certain price. Covered calls are an options strategy where a person holds a long position in an asset and writes (sells) call options on that same asset to generate an income stream. The Scheme may write call options under covered call strategy, as permitted by Regulations.** **Benefits of using Covered Call strategy in Mutual Funds:** **The covered call strategy can be followed by the Fund Manager in order to hedge risk thereby resulting in better risk adjusted returns of the Scheme. This strategy is also employed when the Fund Manager has a short term neutral view on the asset and for this reason holds the asset long and simultaneously takes a short position via covered call option strategy to generate income from the option premium. The strategy offers the following benefits:**

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
			a) Hedge against market risk - Since the fund manager sells a call option on a stock already owned by the mutual fund scheme, the downside from fall in the stock price would be lower to the extent of the premium earned from the call option. **b) Generating additional returns in the form of option premium in a range bound market.** **Thus, a covered call strategy involves gains for unit holders in case the strategy plays out in the right direction** **Illustration – Covered Call strategy using stock call options:** **Suppose, a fund manager buys equity stock of ABC Ltd. For Rs. 1000 and simultaneously sells a call option on the same stock at a strike price of Rs. 1100. The scheme earns a premium of say, Rs. 50. Here, the fund manager does not think that the stock price will exceed Rs. 1100.** **Scenario 1: Stock price exceeds Rs. 1100** **The call option will get exercised and the fund manager will sell the stock to settle his obligation on the call at Rs. 1100 (earning a return of 10% on the stock purchase price). Also, the scheme has earned a premium of Rs. 50 which reduced the purchase cost of the stock (Rs. 1000 – Rs. 50 = Rs. 950).** **Net Gain – Rs. 150** **<u>Scenario 2: Stock prices stays below Rs. 1100</u>** **The call option will not get exercised and will expire worthless. The premium earned on call option will generate alpha for the scheme.** **Net Gain – Rs. 50** **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.** **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.** **Regulatory guidelines-** **Mutual Fund schemes (except Index Funds and ETFs) may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:** **a. The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme.** **b. The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.** **c. At all points of time the Mutual Fund scheme shall comply with the provisions at (a) and (b) above. In case of any passive breach of the requirement at (a), the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme.**

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
			d. In case a Mutual Fund scheme needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with (a) and (b) above while selling the securities. **e. In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts** **f. The premium received shall be within the requirements prescribed in terms of Clause 12.25.2 of SEBI Master Circular i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the scheme.** **g. The exposure on account of the call option written under the covered call strategy shall not be considered as exposure for the purpose of calculating cumulative gross exposure.** **h. The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the respective scheme(s) until the position is closed or expired.**
7.	Any other changes Investment Restrictions	Not Applicable	*Following is added to the exiting scheme feature.* **1. The Scheme will write call options under covered call strategy Clause 12.25.8 of the SEBI Master Circular and as specified in section "How will the scheme allocate its assets?".** **2. The scheme will invest in overseas securities as per guidelines specified in sub- section "Where will the Scheme invest?" in SECTION II.**
8.	Any other changes Risk Factors	Not Applicable	*Following is added to the exiting scheme feature.* **Risks associated with Covered Calls Strategy:** **A call option gives the holder (buyer) the right but not the obligation to buy an asset by a certain date for a certain price. Covered calls are an options strategy where a person holds a long position in an asset and writes (sells) call options on that same asset to generate an income stream. The Scheme may write call options under covered call strategy, as permitted by the regulations. Risks associated thereto are mentioned below:** **i. Writing call options are highly specialized activities and entail higher than ordinary investment risks. In such investment strategy, the profits from call option writing is capped at the option premium, however the downside depends upon the increase in value of the underlying equity shares. This downside risk is reduced by writing covered call options.** **ii. The Scheme may write covered call option only in case it has adequate number of underlying equity shares as per regulatory requirement. This would lead to setting aside a portion of investment in underlying equity shares. If covered call options are sold to the maximum extent allowed by regulatory authority, the scheme may not be able to sell the underlying equity shares immediately if the view changes to sell and exit the stock. The covered call options need to be unwound before the stock positions can be liquidated. This may lead to a loss of opportunity, or can cause exit issues if the strike price at which the call option contracts have been written become illiquid. Hence, the scheme may not be able to sell the underlying equity shares, which can lead to temporary illiquidity of the underlying equity shares and result in loss of opportunity.** **iii. The writing of covered call option would lead to loss of opportunity due to appreciation in value of the underlying equity shares. Hence, when the appreciation in equity share price is more than the option premium received the scheme would be at a loss.** **iv. The total gross exposure related to option premium paid and received must not exceed the regulatory limits of the net assets of the scheme. This may restrict the ability of Scheme to buy any options.**

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
			Risks associated with Overseas Securities: **Subject to necessary approvals, in terms of all applicable guidelines issued by SEBI and RBI from time to time and within the investment objectives of the Schemes, the Schemes may invest in overseas markets and securities which carry a risk on account of fluctuations in the foreign exchange rates, nature of securities market of the country concerned, repatriation of capital due to exchange controls and political circumstances. Further, the scheme may not be able to invest in overseas markets if overseas limits as per RBI and SEBI circulars are exhausted at AMC or industry level which may negatively impact the performance of the schemes.** **i. Currency Risk: The scheme may invest in overseas securities and the income from those securities may be quoted in currencies which are different from the schemes base currency. The performance of the scheme may therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the schemes base currency and hence there can be the prospect of additional loss or gain for the Unit Holder than what may be normally derived from the assets in which the scheme invests. The performance of the scheme may also be subject to exchange control regulations. Conversion into foreign currency or transfer from some markets of proceeds received from the sale of securities cannot be guaranteed. Exchange rate fluctuations may also occur between the trade date for a transaction and the date on which the currency is acquired to meet settlement obligations. Movements in currency exchange rates can adversely affect the return of your investment.** **ii. Risks arising from exhaustion of overseas limits as per applicable SEBI and RBI circulars: The schemes capability to invest in overseas securities is subject to the limits assigned by the SEBI & RBI from time to time basis. In case of exhaustion of the limits to invest in overseas securities is exhausted either at an individual Mutual Fund level or at Industry level or otherwise as restricted by SEBI or RBI, the scheme may not be able to allocate and invest in overseas securities and the AMC will suitably reallocate the proceeds to other investments as permissible under the asset allocation specified in the scheme document.** **Risk associated with investments in overseas mutual funds / ETFs / Index Funds:** **Subject to necessary approvals, in terms of all applicable guidelines issued by SEBI and RBI from time to time and within the investment objectives of the Scheme, the Scheme may invest in overseas ETFs/index funds which carry a risk on account of fluctuations in the foreign exchange rates, nature of securities market of the country concerned, repatriation of capital due to exchange controls and political circumstances. Further, the scheme may not be able to invest in overseas markets if overseas limits as per RBI and SEBI circulars are exhausted at AMC or industry level which may negatively impact the performance of the schemes. Risks related to investments in overseas ETFs/index funds include:** **i. Financial Markets, Counterparties and Service Providers: The underlying ETFs/index funds may be exposed to finance sector companies that act as a service provider or as counterparty for financial contracts. In times of extreme market volatility, such companies may be adversely affected, with a consequent adverse effect on the returns. Regulators and self-regulatory organisations and exchanges are stabilize to take extraordinary actions in the event of market emergencies. The effect of any future regulatory actions could be substantial and adverse.**

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
			ii. Global Financial Market Crisis and Governmental Intervention: Since 2007, global financial markets have undergone pervasive and fundamental disruption and suffered significant instability which has led to governmental intervention. Regulators in many jurisdictions have implemented or proposed a number of emergency regulatory measures. Government and regulatory interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been detrimental to the efficient functioning of financial markets. It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the ability to implement a Fund's investment objective. Whether current undertakings by governing bodies of various jurisdictions or any future undertakings will help stabilize the financial markets is unknown. The Fund Managers cannot predict how long the financial markets will continue to be affected by these events and cannot predict the effects of these – or similar events in the future – on an ETF/index fund or global economy and the global securities markets. The Fund Managers are monitoring the situation. Instability in the global financial markets or government intervention may increase the volatility of the ETFs and hence the risk of loss to the value of your investment. **iii. Liquidity Risk: Trading volumes in the underlying investments of the Underlying ETFs/index funds may fluctuate significantly depending on market sentiment. There is a risk that investments made by the Underlying ETFs/index funds may become less liquid in response to market developments, adverse investor perceptions or regulatory and government intervention (including the possibility of widespread trading suspensions implemented by domestic regulators). In extreme market conditions, there may be no willing buyer for an investment and so that investment cannot be readily sold at the desired time or price, and consequently the relevant ETF/ index fund may have to accept a lower price to sell the relevant investment or may not be able to sell the investment at all. An inability to sell a particular investment or portion of assets can have a negative impact of the value of the Underlying ETF/index fund or prevent the relevant Underlying ETFs/index funds from being able to take advantage of other investment opportunities.** **Similarly, investment in equity securities issued by unlisted companies, small and mid-capitalisation companies and companies based in emerging countries are particularly subject to the risk that during certain market conditions, the liquidity of particular issuers or industries, or all securities within a particular investment category, will reduce or disappear suddenly and without warning as a result of adverse economic, market or political events, or adverse market sentiment.** **Liquidity risk also includes the risk that relevant Underlying ETFs/index funds may be forced to defer redemptions, issue in specie redemptions or suspend dealing because of stressed market conditions, an unusually high volume of redemption requests, or other factors beyond the control of the investment manager. To meet redemption requests, the Underlying schemes may be forced to sell investments at an unfavorable time and/or conditions, which may have a negative impact on the value of the Scheme.**

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
			iv. Credit Risk & Market Risk: To the extent that the underlying ETFs/ index funds invest in corporate debt securities, they are subject to the risk of an issuer's inability to meet interest and principal payments on its debt obligations (credit risk). Debt securities may also be subject to price volatility due to factors such as changes in credit rating, interest rates, general level of market liquidity and market perception of the creditworthiness of the issuer among others (market risk). **v. Term Structure of Interest Rates (TSIR) Risk: To the extent that the underlying ETFs/index funds are invested in Debt instruments, the NAV of the Units issued under the ETFs is likely to be affected by changes in the general level of interest rates. When interest rates decline, the value of a portfolio of Debt instruments can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of Debt instruments can be expected to decline.** **vi. Country Risks: The value of the underlying ETF's/index funds assets may be affected by uncertainties such as changes in a country's government policies, taxation, restrictions on foreign investment, currency decisions, applicable laws and regulations, together with any natural disasters or political upheaval, which could weaken a country's securities markets.** **vii. Equity Risks: The values of equities fluctuate daily and an ETF/index fund investing in equities could incur significant losses. The price of equities can be influenced by many factors at the individual company level, as well as by broader economic and political developments, including changes in investment sentiment, trends in economic growth, inflation and interest rates, issuer-specific factors, corporate earnings reports, demographic trends and catastrophic events.** **viii. Smaller Capitalisation Companies: Securities issued by small companies may be riskier, more volatile or less liquid than those of large companies. They are often new companies with shorter track records, less extensive financial resources, and less established markets. They may not have as many tradable shares compared with large companies, therefore, they tend to be less liquid.** **ix. Emerging Markets: Emerging markets are typically those of poorer or less developed countries which exhibit lower levels of economic and/or capital market development, and higher levels of share price and currency volatility. Amongst these, those which exhibit the lowest levels of economic and/or capital market development may be referred to as frontier markets, and the below mentioned risks may be amplified for these markets. Some emerging markets governments exercise substantial influence over the private economic sector and the political and social uncertainties that exist for many developing countries are particularly significant. Another risk common to most such countries is that the economy is heavily export oriented and, accordingly, is dependent upon international trade. The existence of overburdened infrastructures and inadequate financial systems also presents risks in certain countries, as do environmental problems. In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future. In addition to withholding taxes on investment income, some emerging markets may impose capital gains taxes on foreign investors.** **Generally accepted accounting, auditing and financial reporting practices in emerging markets may be significantly different from those in developed markets. Compared to mature markets, some emerging markets may have a low level of regulation, enforcement of regulations and monitoring of investors' activities. Those activities may include practices such as trading on material nonpublic information by certain categories of investor. The securities markets of developing countries are not as large as the more established securities markets and have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalisation and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries. These factors may adversely affect the timing and pricing of an ETF's/index funds acquisition or disposal of securities.**

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
			Practices in relation to the settlement of securities transactions in emerging markets involve higher risks than those in developed markets, in part because of the need to use brokers and counterparties which are less well capitalised, and custody and registration of assets in some countries may be unreliable. **Delays in settlement could result in investment opportunities being missed if an ETF/index fund is unable to acquire or dispose of a security. The Depositary is responsible for the proper selection and supervision of its correspondent banks in all relevant markets in accordance with applicable law and regulation. In certain emerging markets, registrars are not subject to effective government supervision nor are they always independent from issuers. Investors should therefore be aware that the ETFs/index fund concerned could suffer loss arising from these registration problems.** **x. Risk of Investing in Specific Sectors and Themes: Where investment is made in one or in a limited number of market sectors, Underlying ETFs/ index funds may be more volatile than other more diversified Schemes. The companies within these sectors may have limited product lines, markets, or financial resources, or may depend on a limited management group. Such ETFs/index funds may also be subject to rapid cyclical changes in investor activity, regulatory changes and / or the supply of and demand for specific products and services. As a result, a stock market or economic downturn in the relevant specific sector or sectors or a regulatory change having disproportionate impact on the specific sector would have a larger impact on an ETF/index fund that concentrates its investments in that sector or sectors than on a more diversified Fund.** **xi. Depositary Receipts Risk: the issuers of certain depositary receipts are under no obligation to distribute shareholder communications to the holders of such receipts, or to pass through to them any voting rights with respect to the deposited securities. Investment in depositary receipts may be less liquid than the underlying shares in their primary trading market. Depositary receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. In addition, the issuers of the stock underlying unsponsored depositary receipts are not obligated to disclose material information in the United States.** **xii. Restrictions on Foreign Investment: Some countries prohibit or impose substantial restrictions on investments by foreign entities such as a Fund. As illustrations, certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit the investment by foreign persons in a company to only a specific class of securities which may have less advantageous terms than securities of the company available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. The manner in which foreign investors may invest in companies in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of an Underlying ETF/index fund . For example, an Underlying ETF/index fund may be required in certain of such countries to invest initially through a local broker or other entity and then have the share purchases re-registered in the name of the Underlying ETF/index fund. Re-registration may in some instances not be able to occur on a timely basis, resulting in a delay during which an Underlying ETF/index fund may be denied certain of its rights as an investor, including rights as to dividends or to be made aware of certain corporate actions. There also may be instances where an Underlying ETF places a purchase order but is subsequently informed, at the time of re-registration, that the permissible allocation to foreign investors has been filled, depriving the Underlying ETF/index fund of the ability to make its desired investment at the time.**

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
			Substantial limitations may exist in certain countries with respect to an Underlying ETFs/index funds ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. An Underlying ETF/index fund could be adversely affected by delays in, or a refusal to grant any required governmental approval for repatriation of capital, as well as by the application to the Underlying ETF/index fund of any restriction on investments. A number of countries have authorised the formation of closed-end investment companies to facilitate indirect foreign investment in their capital markets. Shares of certain closed-end investment companies may at times be acquired only at market prices representing premiums to their net asset values. If an Underlying ETF/ index fund acquires shares in closed-end investment companies, shareholders would bear both their proportionate share of expenses in the ETF/index fund (including management fees) and, indirectly, the expenses of such closed end investment companies. In addition, certain countries such as India and the PRC implement quota restrictions on foreign ownership of certain onshore investments. These investments may at times be acquired only at market prices representing premiums to their net asset values and such premiums may ultimately be borne by the relevant Underlying ETF/index fund. **xiii. Taxation of underlying ETFs/index funds and assets: Investors should note in particular that the proceeds from the sale of securities in some markets or the receipt of any dividends and other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at source. As a result, the Underlying ETF/index fund (and therefore the Scheme) could become subject to additional taxation in such countries.** **Investors should note that there may be additional taxes, charges or levies applied in respect of the ETF's investments depending on the location of the assets of the Underlying ETF/index fund and the jurisdiction in which the Underlying ETF/index fund is located, registered or operated. Investors should also note that the Underlying ETF's/index funds investment managers and the ETF's/index funds ability to provide tax information and audited accounts in respect of the Underlying ETF/ index fund to Unit Holders of the Scheme is dependent on the relevant tax and other information being provided in timely fashion. Accordingly, delays may occur in respect of delivery of such information to the Scheme's Unit Holders.** **xiv. Currency Risk: The assets in which the Underlying ETF/index fund is invested and the income from the assets may be quoted in currencies which are different from the Underlying ETF's/index funds base currency. The performance of the Underlying ETF/index fund may therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the Underlying ETF's/index funds base currency and hence there can be the prospect of additional loss or gain for the Unit Holder than what may be normally derived from the assets in which the Underlying ETF/index fund invests. The performance of the Underlying ETF/index fund may also be affected by changes in exchange control regulations. Conversion into foreign currency or transfer from some markets of proceeds received from the sale of securities cannot be guaranteed. Exchange rate fluctuations may also occur between the trade date for a transaction and the date on which the currency is acquired to meet settlement obligations. Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging that may be used to minimize the effect of currency fluctuations may not always be successful.** **xv. Valuation Risk: The price the underlying ETF/index fund could receive upon the sale of a security or other asset may differ from the underlying ETF's/index funds valuation of the security or other asset and from the value used by the Underlying Index, particularly for securities or other assets that trade in low volume or volatile markets or that are valued using a fair value methodology as a result of trade suspensions or for other reasons. The underlying ETF's/index funds ability to value investments may be impacted by technological issues or errors by pricing services or other thirdparty service providers.**

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
			xvi. **Risks Associated with Derivatives: The Underlying ETF/index fund may use derivatives in connection with its investment strategies. 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 investment manager of the Underlying ETF/index fund to identify such opportunities. Identification and execution of the strategies to be pursued by the investment manager of the Underlying ETF/index fund involve uncertainty and decision of the investment manager may not always be profitable. No assurance can be given that the investment manager of the Underlying ETF/index fund will be able to identify or execute such strategies.** **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. Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in the losses that significantly exceed the Underlying ETF's/index funds original investment. Certain derivatives may give rise to a form of leverage. Due to the low margin deposits normally required in trading financial derivative instruments, an extremely high degree of leverage is typical for trading in financial derivative instruments. As a result, the Underlying ETF/index fund may be more volatile than if the Underlying ETF/index fund had not been leveraged. A relatively small price movement in a derivative contract may result in substantial losses to the investor.** **Derivatives are also subject to the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. The use of derivatives for hedging or risk management purposes or to increase income or gain may not be successful, resulting in losses to the Underlying ETF/index fund and the cost of such strategies may reduce the Underlying ETF's/index funds returns and increase the Underlying ETF's/index funds potential for loss.** **The Underlying ETF/index fund may take short positions on a security through the use of financial derivative instruments in the expectation that their value will fall in the open market. The possible loss from taking a short position on a security differs from the loss that could be incurred from a cash investment in the security; the former may be unlimited as there is no restriction on the price to which a security may rise, whereas the latter cannot exceed the total amount of the cash investment. The short selling of investments may also be subject to changes in regulations, which could impose restrictions that could adversely impact returns to investors.** xvii. **Legal risk – OTC Derivatives, Repurchase and Reverse Repurchase Transactions, Securities Lending and Re-used Collateral: There is a risk that agreements and derivatives techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in tax or accounting laws. In such circumstances, an underlying ETF/index fund may be required to cover any losses incurred. Furthermore, certain transactions are entered into on the basis of complex legal documents. Such documents may be difficult to enforce or may be the subject of a dispute as to interpretation in certain circumstances. Whilst the rights and obligations of the parties to a legal document may for example be governed by English or Luxembourg law, in certain circumstances (for example insolvency proceedings) other legal systems may take priority which may affect the enforceability of existing transactions.** xviii. **Securities Lending: The underlying ETFs/index funds may engage in securities lending. The underlying ETFs/index funds engaging in securities lending will have a credit risk exposure to the counterparties to any securities lending contract. Fund investments can be lent to counterparties over a period of time. A default by the counterparty combined with a fall in the value of the collateral below that of the value of the securities lent may result in a reduction in the value of the underlying ETFs/index funds.**

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
			xix. Infectious Illness Risk. An outbreak of an infectious respiratory illness, COVID 19, caused by a novel coronavirus has resulted in travel restrictions, disruption of healthcare systems, prolonged quarantines, cancellations, supply chain disruptions, lower consumer demand, layoffs, ratings downgrades, defaults and other significant economic impacts. Certain markets have experienced temporary closures, extreme volatility, severe losses, reduced liquidity and increased trading costs. Such events can have an impact on the underlying ETFs/index funds and could impact their ability to purchase or sell securities or cause elevated tracking error and increased premiums or discounts to the NAV. Other infectious illness outbreaks in the future may result in similar impacts. **xx. Operational Risk. The underlying ETFs/index funds are exposed to operational risks arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the service providers, counterparties or other third-parties, failed or inadequate processes and technology or systems failures.** **xxi. Counterparty Risk: An underlying ETF/index fund will be exposed to the credit risk of the parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the relevant underlying ETF/index fund. This would include the counterparties to any derivatives, repurchase / reverse repurchase agreement or securities lending agreement that it enters into. Trading in derivatives which have not been collateralised gives rise to direct counterparty exposure.** **Additional Risk associated with investing in underlying ETFs:** **i. In addition to the recurring expenses of the Scheme, the Unit Holders shall also bear the applicable expenses of the Underlying ETF/index fund. Therefore, the returns that the Unit Holder of the Scheme may receive may be impacted or may, at times, be lower than the returns that a Unit Holder, who is directly investing in the same Underlying ETF/index fund, could obtain.** **ii. Index-Related Risk. There is no guarantee that the underlying ETF's/index funds investment results will have a high degree of correlation to those of the Underlying Index or that the underlying ETF/index fund will achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the underlying ETF's/index funds ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data, index computations or the construction of the Underlying Index in accordance with its methodology may occur from time to time and may not be identified and corrected by the Index Provider for a period of time or at all, which may have an adverse impact on the underlying ETF/index fund. Unusual market conditions may cause the Index Provider to postpone a scheduled rebalance, which could cause the Underlying Index to vary from its normal or expected composition** **iii. Passive Investment Risk. The underlying ETF/index fund is not actively managed, and the fund manager generally does not attempt to take defensive positions under any market conditions, including declining markets** **iv. Tracking Error Risk. The underlying ETF/index fund may be subject to tracking error, which is the divergence of its performance from that of the Underlying Index. Tracking error may occur because of differences between the securities and other instruments held in the ETF/index fund portfolio and those included in the Underlying Index, pricing differences (including, as applicable, differences between a security's price at the local market close and the ETF's/index funds valuation of a security at the time of calculation of the Fund's NAV), transaction costs incurred by the ETF/index fund, the holding of uninvested cash, differences in timing of the accrual of or the valuation of dividends or interest, the requirements to maintain pass through tax treatment, portfolio transactions carried out to minimize the distribution of capital gains to shareholders, acceptance of custom baskets, changes to the Underlying Index or the costs to the ETF/index fund of complying with various new or existing regulatory requirements. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also may result because the ETF/index fund incurs fees and expenses, while the Underlying Index does not.**

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (changes are highlighted in Bold)
			Risk associated with Depository Receipts i. **Liquidity Risk: Depositary receipts may not be as liquid as the underlying shares in the foreign company. This means that it may be difficult to buy or sell the depositary receipt at a favorable price.** ii. **Political risk: Political instability in a foreign country can also affect the value of depositary receipts. This can include changes in government policies, civil unrest, or even war. For example, if a company's operations are disrupted due to political unrest in the country where it operates, the value of its depositary receipts may decline.**
9.	Any other changes Risk Mitigation strategies	Not Applicable	*Following is added to the exiting scheme feature.* **Risk Associated with overseas mutual funds / ETFs and Index securities:** i. **Liquidity Risk on account of investments in overseas funds: The investments are made in international funds, which provide daily liquidity.** ii. **Expense Risks associated with investments in overseas funds: The aggregate of expenses incurred by the Indian Fund-of-Funds scheme and the underlying international funds is subject to limits prescribed by SEBI.** iii. **Portfolio Disclosure Risks associated with investments in overseas fund: Although full portfolio disclosure is not available at the end of each month, top ten holdings as well as sector holdings are made available at the end of each month for the overseas fund. Full portfolio holdings can be obtained from underlying Overseas funds generally with a three-month lag i.e. March portfolio can be obtained at the end of June** iv. **Investment Policy and/or fundamental attribute change risks associated with investments in overseas funds: Investments are made in such international funds, which have similar investment objectives to the domestic fund in India. However, there exists possibility that there is a change in the fundamental attributes of the international fund. In such circumstances, the Investment Manager will seek to invest in other international funds, which have the same investment objective as the domestic fund.** v. **Monitoring overseas investment limits: The Investment Manager will keep monitoring the overseas investments limits. In case of an adverse event the Investment Manager may initiate appropriate action like investing across other areas as permitted by the scheme document or any other action to ensure that the investor interest is safeguarded.** **Risk management for risk associated with Depository Receipts** **Should there be investments in ADRs/GDRs of Indian companies or foreign securities, the investment process of the fund manager will ensure that a comprehensive company specific due diligence is performed.**
10.	Any other changes Taxation	Not Applicable	*Following is added to the exiting scheme feature.* **<u>Tax Chapter for investment in Overseas securities</u>** **For tax chapter for investment in overseas securities, please refer SAI.**

*** 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 September 24, 2024 has taken on record 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 31 days (minimum 30 days) from October 28, 2024 to November 27, 2024 (both days inclusive) ("Exit Option Period") . These changes will be effective from November 28, 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 (SID) of the Scheme. All transaction requests received on or after November 28, 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 3 (three) working days from the date of receipt of redemption request.
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 November 27, 2024 (upto 03.00 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:

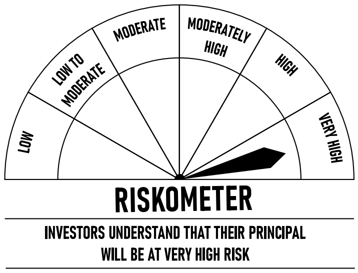
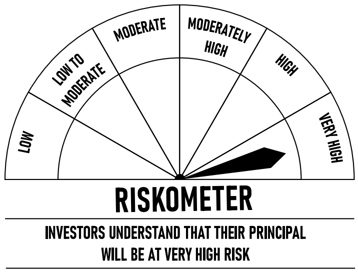
Redemption / switch-out of units from the Scheme may entail capital gain/loss in the hands of the unitholder. For unit holders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information of the Fund and Scheme Information Document 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
CIN: U65990MH2021PTC362316
Investment Manager for DSP Mutual Fund ('Fund')
Mafatlal Centre, 10th Floor, Nariman Point, Mumbai 400021
Tel. No.: 91-22 66578000,
Toll Free No: 1800 200 4499 Website: www.dspim.com

DSP Equity & Bond Fund

(An open ended hybrid scheme investing predominantly in equity and equity related instruments)

This product is suitable for investors who are seeking*:	**Scheme Riskometer#**	**Benchmark Riskometer#**
• Capital growth and income over a long-term investment horizon • Investment primarily in equity/equity-related securities, with balance exposure in money market and debt securities *Investors should consult their financial advisers if in doubt about whether the Scheme is suitable for them.		As per AMFI Tier I Benchmark: CRISIL Hybrid 35+65 – Aggressive Index 

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

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.