DSP ASSET MANAGERS

Date: November 23, 2023

Dear Unit Holder,

Sub: Change in fundamental attributes of DSP Floater 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 Floater Fund

2. Rationale of the change: It is proposed to change the ‘What is the investment objective of the Scheme?’, ‘How will the Scheme allocate its assets?’, ‘What are the investment strategies?’, ‘Risk Factors’ and other relevant sections of Scheme Information Document (‘SID) and Key Information Memorandum (‘KIM’) of the Scheme in order to expand the universe of eligible instruments.

The rationale of aforesaid proposal is to expand the universe of eligible instruments and investment strategies with the objective of optimising the return profile of the scheme without impacting the risk profile.

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>Category of the Scheme</td><td>Floater Fund</td><td>Floater Fund

(No Change)</td></tr>
<tr><td>2.</td><td>Investment Objective*</td><td>The primary objective of the scheme is to generate regular income through investment predominantly in floating rate and fixed rate debt instruments (including money market instruments).

However, there is no assurance that the investment objective of the scheme will be realized.</td><td>The primary objective of the scheme is to generate regular income through investment predominantly in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/ derivatives).

However, there is no assurance that the investment objective of the scheme will be realized.</td></tr>
<tr><td>3.</td><td>Asset Allocation Pattern*</td><td>
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Floating Rate Debt Securities (including fixed rate Securities* converted to floating rate exposures using swaps/ derivatives)</td><td>65%</td><td>100%</td><td>Low to medium</td></tr>
<tr><td>Fixed Rate Debt Securities (including money market instruments**)</td><td>0%</td><td>35%</td><td>Low to medium</td></tr>
</table>
*Fixed rate Debt Securities constitute those securities issued by Central and / or State Government.

**Money Market instruments includes Tri Party Repo/Repo/Reverse Repo (including corporate bond repo), commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, and any other like instruments as specified by the Reserve Bank of India from time to time.</td><td>
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<tr><td>Floating Rate Debt Securities (including fixed rate Securities* converted to floating rate exposures using swaps/ derivatives)</td><td>65%</td><td>100%</td><td>Low Risk to Moderate Risk</td></tr>
<tr><td>Debt & money market instruments* and Floating rate debt instruments swapped for Fixed rate returns</td><td>0%</td><td>35%</td><td>Low Risk to Moderate Risk</td></tr>
</table>
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The scheme retains the flexibility to invest across all the securities in the debt and Money Markets Instruments.</td></tr>
</table>

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
		Under normal circumstances at least 65% of the total portfolio will be invested in floating rate debt securities. This may be by way of direct investment in floating rate securities or fixed rate securities swapped for floating rate returns by using swaps/derivatives. The Scheme may undertake (i) repo / reverse repo transactions in Corporate Debt Securities; (ii) Credit Default Swaps; and (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time. The Scheme shall not lend securities amounting to more than 20% of the net assets of the Scheme or as may be specified by SEBI from time to time. The Scheme will enter into securities lending in accordance with the framework specified by SEBI in this regard. The Scheme may invest in debt instruments having Structured Obligations / Credit Enhancements up to 10% of the debt portfolio of the Scheme. The Scheme may enter into short selling transactions in accordance with the framework relating to short selling specified by SEBI. The Scheme may also participate in repo of money market and corporate debt securities. The gross exposure of the Scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the Scheme The cumulative gross exposure through debt, derivative positions (including fixed income derivatives), repo transactions and credit default swaps in corporate debt securities 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.	Under normal circumstances at least 65% of the total portfolio will be invested in floating rate debt securities. This may be by way of direct investment in floating rate securities or fixed rate securities swapped for floating rate returns by using swaps/derivatives. The Scheme may undertake (i) repo / reverse repo transactions in Corporate Debt Securities; (ii) Credit Default Swaps; and (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time. The Scheme shall not lend securities amounting to more than 20% of the net assets of the Scheme or as may be specified by SEBI from time to time. The Scheme **may** enter into securities lending in accordance with the framework specified by SEBI in this regard **and as may be permitted by RBI.** The Scheme may invest in debt instruments having Structured Obligations / Credit Enhancements up to 10% of the debt portfolio of the Scheme. The Scheme may enter into short selling transactions in accordance with the framework relating to short selling specified by SEBI. The Scheme may also participate in repo of money market and corporate debt securities. The gross exposure of the Scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the Scheme The cumulative gross exposure through debt, derivative positions (including fixed income derivatives), repo transactions and credit default swaps in corporate debt securities 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.
4.	Investment Strategy*	The scheme aims to invest in debt instruments issued by Central and / or State Government, floating rate debt securities issued by Central and / or State Government (including fixed rate securities converted to floating rate exposure using swaps/derivatives). Minimum investment in floating rate debt securities would be at least 65% and whilst the fixed rate debt securities (including money market instruments & cash and cash equivalents) would remain between 0% to 35%. The aim of the investment manager will be to allocate assets of the scheme across fixed and floating rate instruments and derivatives with an objective to generate optimal risk adjusted returns. Fixed interest rate securities are subjected to volatility in price movements corresponding to movements in interest rates. However, the interest rate in case of floating rate securities is reset in regular time intervals based on certain benchmark or a reference rate. Therefore, through diversification i.e. creating a portfolio with fixed and floating rate securities could help to minimize interest rate risk. In the absence of floating rate securities, the same can be created synthetically with a combination of derivatives like Interest Rate Swaps. The scheme intends to use derivatives as permitted by RBI/SEBI for hedging interest rate risk. The actual percentage of investments in various floating and fixed interest rate securities and position of derivatives will be decided on the basis of interest rate direction based on in-house fixed income framework (tracks various domestic and global factors like Fiscal Deficit, Current Account Deficit, Inflation, Growth, Currency, Dollar Index, US interest rates) and after considering other factors like the prevailing political conditions, etc.	**The scheme aims to invest a minimum of 65% in floating rate debt securities and allocation to other debt securities (including money market instruments, cash and cash equivalents & Floating rate debt instruments swapped for Fixed rate returns) would remain between 0% to 35%. Floating rate exposure can also be created synthetically with a combination of fixed rate securities & derivatives like Interest Rate Swaps etc. The scheme intends to use derivatives as permitted by RBI/ SEBI for hedging interest rate risk.** **The aim of the investment manager will be to allocate assets of the scheme across floating rate securities (including synthetically created floating rate securities) & other debt securities (including money market instruments, cash and cash equivalents & Floating rate debt instruments swapped for Fixed rate returns) with an objective of generating optimal risk adjusted returns. The actual percentage of investments in various floating rate securities (including synthetically created floating rate securities) and other debt securities (including money market instruments, cash and cash equivalents & Floating rate debt instruments swapped for Fixed rate returns) will be decided based on interest rate direction based on in-house fixed income framework (tracks various domestic and global factors like Fiscal Deficit, Current Account Deficit, Inflation, Growth, Currency, Dollar Index, US interest rates) and after considering other factors like the prevailing political conditions, etc.**

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
5.	Any other changes - Risk Factors	Scheme Specific Risk Factors 1. Market Liquidity Risk The liquidity of investments made in the Scheme may be restricted by trading volumes, settlement periods and transfer procedures. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are uninvested and no return is earned thereon. The inability of the Scheme to make intended securities purchases, due to settlement problems, could cause the Scheme to miss certain investment opportunities. By the same token, the inability to sell securities held in the Scheme's portfolio, due to the absence of a well-developed and liquid secondary market for debt securities, would result at times, in potential losses to the Scheme, should there be a subsequent decline in the value of securities held in the Scheme's portfolio. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold. 2. Credit Risk Fixed income securities (government, debt and money market securities) are subject to the risk of an issuer's inability to meet interest and principal payments on its debt obligations. The Investment Manager will endeavour to manage credit risk through in-house credit analysis. Different types of securities in which the Scheme would invest as given in the SID carry different levels of credit risk. Accordingly, the Scheme's risk may increase or decrease depending upon their investment patterns. E.g. corporate bonds carry a higher amount of risk than Government securities. Further, even among corporate bonds, bonds which are rated AAA are comparatively less risky than bonds which are AA rated. 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. Rating Migration Risk Fixed income securities are exposed to rating migration risk, which could impact the price on account of change in the credit rating. For example: One notch downgrade of a AAA rated issuer to AA+ will have an adverse impact on the price of the security and vice-versa for an upgrade of a AA+ issuer. 5. Re-investment Risk The investments made by the Scheme is 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	Scheme Specific Risk Factors **1. Risks associated with investing in Fixed income securities including fixed rate debt instruments swapped for floating rate return and floating rate debt instruments swapped for fixed rate return** a. Market Liquidity Risk The liquidity of investments made in the Scheme may be restricted by trading volumes, settlement periods and transfer procedures. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are invested and no return is earned thereon. The inability of the Scheme to make intended securities purchases, due to settlement problems, could cause the Scheme to miss certain investment opportunities. By the same token, the inability to sell securities held in the Scheme's portfolio, due to the absence of a well-developed and liquid secondary market for debt securities, would result at times, in potential losses to the Scheme, should there be a subsequent decline in the value of securities held in the Scheme's portfolio. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold. b. Credit Risk Fixed income securities (government, debt and money market securities) are subject to the risk of an issuer's inability to meet interest and principal payments on its debt obligations. The Investment Manager will endeavor to manage credit risk through in-house credit analysis. Different types of securities in which the Scheme would invest as given in the SID carry different levels of credit risk. Accordingly, the Scheme's risk may increase or decrease depending upon their investment patterns. E.g. corporate bonds carry a higher amount of risk than Government securities. Further, even among corporate bonds, bonds which are rated AAA are comparatively less risky than bonds which are AA rated. c. 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. d. Rating Migration Risk Fixed income securities are exposed to rating migration risk, which could impact the price on account of change in the credit rating. For example: One notch downgrade of a AAA rated issuer to AA+ will have an adverse impact on the price of the security and vice-versa for an upgrade of a AA+ issuer.

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		6. Risks of investing in floating rate debt instruments or fixed rate debt instruments swapped for floating rate return a) Interest rate movement (Basis Risk): As the fund will invest in floating rate instruments, these instruments' coupon will be reset periodically in line with the benchmark index movement. Normally, the interest rate risk of a floating rate instrument compared to a fixed rate instrument is limited. The changes in the prevailing rates of interest will likely affect the value of the Scheme's holdings until the next reset date and thus the value of the Scheme's Units. Increased rates of interest, which frequently accompany inflation and / or a growing economy, are likely to have a negative effect on the value of the Units. The value of securities held by the Scheme generally will vary inversely with changes in prevailing interest rates. The fund could be exposed to the interest rate risk (i) to the extent of time gap in resetting of the benchmark rates, and (ii) to the extent the benchmark index fails to capture the interest rate movement. b) Spread Movement (Spread Risk): Though the basis (i.e. benchmark) gets readjusted on a regular basis, the spread (i.e. markup) over benchmark remains constant. This can result in some volatility to the holding period return of floating rate instruments. c) Settlement Risk (Counterparty Risk): The floating rate assets may also be created by swapping a fixed return to a floating rate return. In such a swap, there may be an additional risk of counterparty who will pay floating rate return and receive fixed rate return. 7. Risk associated with investments in repo of corporate debt securities In repo transactions, also known as a repo or sale repurchase agreement, securities are sold with the seller agreeing to buy them back at later date. The repurchase price should be greater than the original sale price, the difference effectively representing interest. A repo is economically similar to a secured loan, with the buyer receiving corporate debt securities as collateral to protect against default. The Scheme may invest in repo of corporate debt securities which are subject to the below risks. The Scheme may also participate in tri-party repo as per prescribed guidelines of RBI and SEBI a) Counterparty Risk: This refers to the inability of the seller to meet the obligation to buy back securities at the contracted price. The Investment Manager will endeavour to manage counterparty risk by dealing only with counterparties having strong credit profiles assessed through in-house credit analysis b) Collateral Risk: In the event of default by the repo counterparty, the scheme will have recourse to the corporate debt securities. Collateral risk arises when the market value of the securities is inadequate to meet the repo obligations. This risk is mitigated by restricting participation in repo transactions only in AA and above rated money market and corporate debt securities. In addition, appropriate haircuts will be applied on the market value of the underlying securities to adjust for the illiquidity and interest rate risk on the underlying instrument. 8. Risk associated with investments in debt instruments having Structured Obligations / Credit Enhancements The Scheme may invest in debt instruments having credit enhancement (backed by assets such as equity shares/real estate or backed by payment mechanisms such as guarantees/ escrows of identified revenue streams). Typically, in such instruments, the profile of the underlying issuer tends to be relatively weaker. The risks with such credit enhanced structures include inability to sell and realise	e. Re-investment Risk The investments made by the Scheme is 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. **f. Pre-payment Risk:** **Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund.** **g. 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. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.** **h. Investment in unrated securities:** **The scheme may invest in unrated securities as permitted under regulation. Investment in unrated securities involve a risk of default or decline in market value higher than rated instruments due to adverse economic and issuer-specific developments. Such investments display increased price sensitivity to changing interest rates and to a deteriorating economic environment. The market values for unrated investments tends to be more volatile and such securities tend to be less liquid than rated debt securities.** **i. Investment in unlisted securities:** **The scheme may invest in unlisted securities as permitted under regulation. Investment in unlisted securities are subject to greater risk related to price fluctuations, less liquidity. Due to lack of secondary market unlisted securities are subject to higher decline in market value than listed instruments in case of any adverse economic and issuer-specific developments. Such investments display increased price sensitivity to changing interest rates and to a deteriorating economic environment. There can be no assurance that the schemes will realise the fair value of the investment due to aforementioned reason. The asset managers will ensure limited exposure and will endeavor to investment in unlisted securities with high rated issuers.** **2. Additional risks** of investing in floating rate debt instruments or fixed rate debt instruments swapped for floating rate return a. Interest rate movement (Basis Risk): As the fund will invest in floating rate instruments, these instruments' coupon will be reset periodically in line with the benchmark index movement. Normally, the interest rate risk of a floating rate instrument compared to a fixed rate instrument is limited. The changes in the prevailing rates of interest will likely affect the value of the Scheme's holdings until the next reset date and thus the value of the Scheme's Units. Increased rates of interest, which frequently accompany inflation and / or a growing economy, are likely to have a negative effect on the value of the Units. The value of securities held by the Scheme generally will vary inversely with changes in prevailing interest rates. The fund could be exposed to the interest rate risk (i) to the extent of time gap in resetting of the benchmark rates, and (ii) to the extent the benchmark index fails to capture the interest rate movement.

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		the collateral due to sharp prices moves of the underlying collateral values, erosion in collateral values, illiquidity of collateral. There is a possibility of the guarantor or underlying issuer going insolvent which also can impact the recovery value of exposure. These instruments are typically less liquid in the secondary market which is an additional risk factor. In case of complex payment mechanisms, these may be challenged in legal courts by the unsecured creditors in case of bankruptcy of the underlying obligors which may result in delays or defaults in payments. 9. Risks Associated with Transaction in Units Through Stock Exchange Mechanism In respect of transactions in Units of the Scheme through NSE and/ or BSE 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 or such other recognized exchange in this regard. 10. Risks Associated with Derivatives The Scheme may invest in fixed income derivatives for swap of fixed rate debt instruments swapped to floating rate, 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 unfavourable) 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 mispricing or improper valuation of derivatives	b. Spread Movement (Spread Risk): Though the basis (i.e. benchmark) gets readjusted on a regular basis, the spread (i.e. markup) over benchmark remains constant. This can result in some volatility to the holding period return of floating rate instruments. **c. Counterparty & Settlement Risk:** The floating rate assets may also be created by swapping a fixed return to a floating rate return. In such a swap, there may be an additional risk of counterparty who will pay floating rate return and receive fixed rate return. **d. Liquidity Risk:** **There may be increased degree of liquidity risk in the portfolio on account of holding of the floating rate debt instruments as they tend to have lower liquidity in comparison to the fixed rate debt instruments.** **3.** Risk associated with investments in repo of corporate debt securities In repo transactions, also known as a repo or sale repurchase agreement, securities are sold with the seller agreeing to buy them back at later date. The repurchase price should be greater than the original sale price, the difference effectively representing interest. A repo is economically similar to a secured loan, with the buyer receiving corporate debt securities as collateral to protect against default. The Scheme may invest in repo of corporate debt securities which are subject to the below risks. The Scheme may also participate in tri-party repo as per prescribed guidelines of RBI and SEBI a. Counterparty Risk: This refers to the inability of the seller to meet the obligation to buy back securities at the contracted price. The Investment Manager will endeavor to manage counterparty risk by dealing only with counterparties having strong credit profiles assessed through in-house credit analysis b. Collateral Risk: In the event of default by the repo counterparty, the scheme will have recourse to the corporate debt securities. Collateral risk arises when the market value of the securities is inadequate to meet the repo obligations. This risk is mitigated by restricting participation in repo transactions only in AA and above rated money market and corporate debt securities. In addition, appropriate haircuts will be applied on the market value of the underlying securities to adjust for the illiquidity and interest rate risk on the underlying instrument. **4.** Risk associated with investments in debt instruments having Structured Obligations / Credit Enhancements The Scheme may invest in debt instruments having credit enhancement (backed by assets such as equity shares/real estate or backed by payment mechanisms such as guarantees/ escrows of identified revenue streams). Typically, in such instruments, the profile of the underlying issuer tends to be relatively weaker. The risks with such credit enhanced structures include inability to sell and realise the collateral due to sharp prices moves of the underlying collateral values, erosion in collateral values, illiquidity of collateral. There is a possibility of the guarantor or underlying issuer going insolvent which also can impact the recovery value of exposure. These instruments are typically less liquid in the secondary market which is an additional risk factor. In case of complex payment mechanisms, these may be challenged in legal courts by the unsecured creditors in case of bankruptcy of the underlying obligors which may result in delays or defaults in payments.

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		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. 11. Risk Factors Associated with Imperfect Hedging using Interest Rate Futures a. 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. b. 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. c. 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. 12. Risks associated with Securities Lending & Borrowing and Short Selling Securities Lending and Borrowing ("SLB") is an exchange traded product in India, with trades done on order matching platforms setup by the clearing corporation/house of recognized stock exchanges. In accordance with SEBI guidelines, there is a robust risk management system and safeguards exercised by the clearing corporation/ house, which also guarantee financial settlement hence eliminating counterparty risk on borrowers. The Scheme may participate as a lender in the SLB market and lend securities held in the portfolio for earning fees from such lending to enhance revenue of the Scheme. The key risk to the Scheme is creation of temporary illiquidity due to the inability to sell such lent securities, till the time such securities are returned on the contractual settlement date or on exercise of early recall.	**5.** Risks Associated with Transaction in Units through Stock Exchange Mechanism In respect of transactions in Units of the Scheme through NSE and/or BSE 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 or such other recognized exchange in this regard. **6.** Risks Associated with Derivatives The Scheme may invest in fixed income derivatives for swap of fixed rate debt instruments swapped to floating rate **or floating rate debt instruments swapped to fixed rate**, 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. **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.** 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. **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.** 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.

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		The Scheme may enter into short selling transactions in accordance with the guidelines prescribed by SEBI. The key risk to the Scheme is increase in the price of such securities, requiring the Scheme to purchase the securities sold short to cover the position even at unreasonable prices resulting in a loss to the Scheme. 13. Risks associated with segregated portfolio a. Investor holding units of segregated portfolio may not able to liquidate their holding till the time recovery of money from the issuer. b. Security comprises of segregated portfolio may not realise any value. Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV. RISK MANAGEMENT STRATEGIES 1. Market Liquidity Risk for Equity and Fixed Income securities The liquidity risk will be managed and/or sought to be addressed by creating a portfolio which has adequate access to liquidity. Market Liquidity Risk will be managed actively within the portfolio liquidity limits. The first access to liquidity is through cash and fixed income securities. 2. Credit Risk Credit Risk associated with Fixed Income securities will be managed by making investments in securities issued by borrowers, which have a very good credit profile and based on in-depth analysis conducted by the credit research team. Limits are assigned for each of the issuer (other than government of India); these limits are for the amount as well as maximum permissible tenor for each issuer. The credit process ensures that issuer level review is done at inception as well as periodically by taking into consideration the balance sheet and operating strength of the issuer. 3. Term Structure of Interest Rates (TSIR) Risk Since the portfolio will pre-dominantly be invested in floating rate instruments, the TSIR risk is expected to be low. 4. Rating Migration Risk The endeavour is to invest in high grade/quality securities based on in-depth analysis conducted by the credit research team. 5. Re-investment Risk Since it is a floating rate fund, higher re-investment risk is a feature of the scheme 6. Risks associated with investments in Overseas instruments As part of our due diligence, we will choose securities and funds post adequate due diligence including performance track record, fund management team, liquidity, expenses, disclosures etc. 7. Risk associated with investments in repo of corporate debt securities The Investment Manager will endeavor to manage counterparty risk in corporate debt repos by dealing only with counterparties having strong credit profiles or through tri-party corporate repos done on the exchange platforms. The collateral risk is mitigated by restricting participation in repo transactions only in AA and above rated money market and corporate debt securities, where potential for downgrade/default is low. In addition, appropriate haircuts are applied on the market value of the underlying securities to adjust for the illiquidity and interest rate risk on the underlying instrument.	c. Model Risk: The risk of mispricing or improper valuation of derivatives d. Basis Risk: This arises due to a difference in the price movement of the derivative vis-à-vis that of the security being hedged **7.** Risk Factors Associated with Imperfect Hedging using Interest Rate Futures a. 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. b. 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. c. 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. **8.** Risks associated with Securities Lending & Borrowing and Short Selling Securities Lending and Borrowing ("SLB") is an exchange traded product in India, with trades done on order matching platforms setup by the clearing corporation/house of recognized stock exchanges. In accordance with SEBI guidelines, there is a robust risk management system and safeguards exercised by the clearing corporation/house, which also guarantee financial settlement hence eliminating counterparty risk on borrowers. The Scheme may participate as a lender in the SLB market and lend securities held in the portfolio for earning fees from such lending to enhance revenue of the Scheme. The key risk to the Scheme is creation of temporary illiquidity due to the inability to sell such lent securities, till the time such securities are returned on the contractual settlement date or on exercise of early recall. The Scheme may enter into short selling transactions in accordance with the guidelines prescribed by SEBI. The key risk to the Scheme is increase in the price of such securities, requiring the Scheme to purchase the securities sold short to cover the position even at unreasonable prices resulting in a loss to the Scheme.

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
		8. 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. 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"	**9.** Risks associated with Segregated portfolio a. Investor holding units of segregated portfolio may not be able to liquidate their holding till the time recovery of money from the issuer. b. Security comprises of segregated portfolio may not realise any value. Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV. **10. Risk factors associated with investment in Tri-Party Repo:** **The mutual fund is a member of securities segment and Triparty Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL). As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members.** **Thus the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member). CCIL shall maintain two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The mutual fund is exposed to the extent of its contribution to the default fund of CCIL, in the event that the contribution of the mutual fund is called upon to absorb settlement/ default losses of another member by CCIL, as a result the scheme may lose an amount equivalent to its contribution to the default fund.** RISK MANAGEMENT STRATEGIES 1. Market Liquidity Risk The liquidity risk will be managed and/or sought to be addressed by creating a portfolio which has adequate access to liquidity. Market Liquidity Risk will be managed actively within the portfolio liquidity limits. The first access to liquidity is through cash and fixed income securities. **Market Liquidity Risk will be managed actively within the portfolio liquidity limits by maintaining mandated asset-liability match to ensure payout of the obligations.** 2. Credit Risk Credit Risk associated with Fixed Income securities will be managed by making investments in securities issued by borrowers, which have a very good credit profile and based on in-depth analysis conducted by the credit research team. Limits are assigned for each of the issuer (other than government of India); these limits are for the amount as well as maximum permissible tenor for each issuer. The credit process ensures that issuer level review is done at inception as well as periodically by taking into consideration the balance sheet and operating strength of the issuer.

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
			3. 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.** Since the portfolio will pre-dominantly be invested in floating rate instruments, the TSIR risk is expected to be low. 4. Rating Migration Risk **The endeavor is to invest in well researched issuers. The due diligence performed by the fixed income team before assigning credit limits and the periodic credit review and monitoring should help keep the rating migration risk low for company-specific issues.** 5. Re-investment Risk **The Investment Manager will endeavor that besides the tactical and/or strategic interest rate calls, the portfolio is fully invested.** Since it is a floating rate fund, higher re-investment risk is a feature of the scheme **6.** Risk associated with investments in repo of corporate debt securities The Investment Manager will endeavor to manage counterparty risk in corporate debt repos by dealing only with counterparties having strong credit profiles or through tri-party corporate repos done on the exchange platforms. The collateral risk is mitigated by restricting participation in repo transactions only in AA and above rated money market and corporate debt securities, where potential for downgrade/default is low. In addition, appropriate haircuts are applied on the market value of the underlying securities to adjust for the illiquidity and interest rate risk on the underlying instrument. **7. Risks associated with fixed income Derivative investments:** **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.** **8. Risk Management & Liquidity Management Tools** DSP mutual fund schemes as mandated vide 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. Investors 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.

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
			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. 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".

* 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 October 25, 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 November 28, 2023 to December 27, 2023 (both days inclusive) ("Exit Option Period"). These changes will be effective from December 28, 2023 ("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 December 28, 2023 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 December 27, 2023 (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.

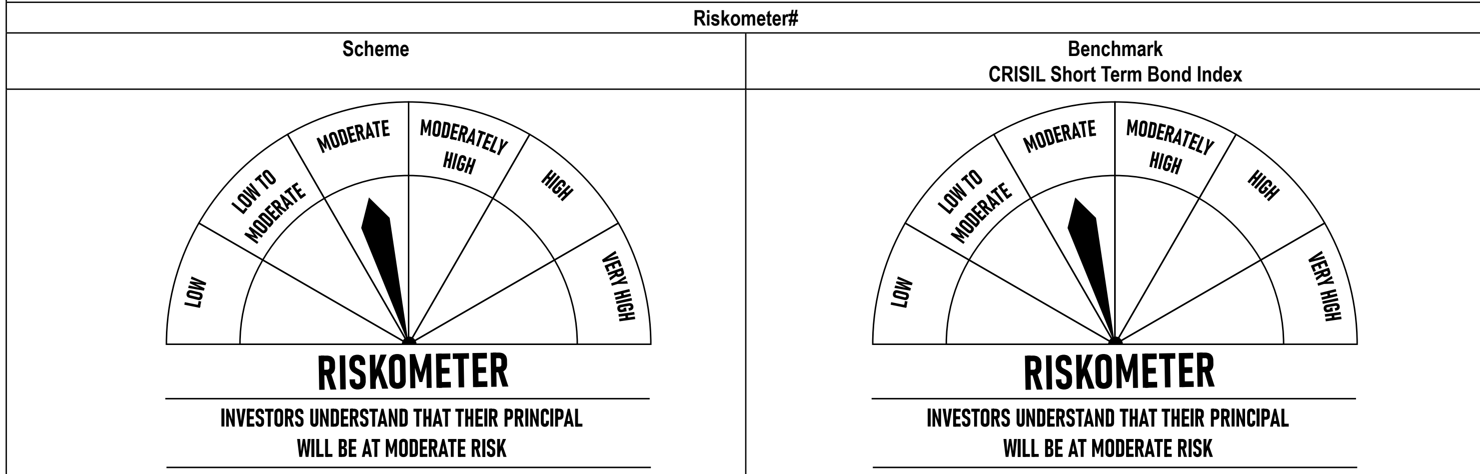
Unit holders who require any further information may contact:
DSP Asset Managers Private Limited ("AMC")
CIN: U65990MH2021PTC362316
Investment Manager for DSP Mutual Fund
Mafatlal Centre, 10th Floor, Nariman Point, Mumbai 400 021
Tel. No.: 91-22 66578000, Fax No.: 91-22 66578181
Toll-free: 1800 208 4499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

DSP Floater Fund
An open ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/ derivatives). A relatively high interest rate risk and relatively low credit risk.

This scheme is suitable for investors who are seeking*

- To generate regular Income
- Investment predominantly in floating rate instruments (including fixed rate instruments converted to floating rate exposures)

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



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

Potential Risk Class			
Credit Risk → / **Interest Rate Risk ↓**	**Relatively Low (Class A)**	**Moderate (Class B)**	**Relatively High (Class C)**
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.

DSP Asset Managers Private Limited
Registered Office: 11th Floor, Mafatlal Centre, Vidhan Bhavan Marg, Nariman Point, Mumbai, Maharashtra, India, 400021
CIN U65990MH2021PTC362316 • +91 22 6657 8000 • Email: dspam@dspim.com • **www.dspim.com**