



LIC Mutual Fund Asset Management Limited

(Investment Managers to LIC Mutual Fund)

CIN No: U67190MH1994PLC077858

Registered Office: Industrial Assurance Bldg. 4th Floor, Opp. Churchgate Station, Mumbai – 400 020

Tel.No.022-66016000 Toll Free No. 1800 258 5678 Fax No.022-22835606

Email: service@licmf.com Website: www.licmf.com

NOTICE – CUM- ADDENDUM No. 44 of 2021-2022

Notice cum Addendum to the Scheme Information Document (SID) and Key Information Memorandum (KIM) of Schemes of LIC Mutual Fund ('the Fund')

Swing pricing framework for open ended Debt Schemes of the Fund:-

SEBI vide its circular SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/631 dated September 29, 2021, introduced provision pertaining to swing pricing framework for all open ended debt mutual fund schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds) with effect from March 1, 2022.

In line with the aforesaid circular, unitholders are hereby informed that Mandatory Swing pricing for Market dislocation is being introduced in LICMF Short Term Debt Fund, LICMF Banking & PSU Debt Fund and LICMF Bond Fund (Scheme(s)) w.e.f. March 1, 2022.

Swing Pricing refers to a process for adjusting a fund's net asset value (NAV) to effectively pass on transaction costs stemming from net capital activity (i.e., flows into or out of the fund) to the investors associated with that activity during the life of a fund, excluding ramp-up period or termination. In a liquidity-challenged environment, quoted bid/ask spreads and overall trading cost can widen and may not be representative of the executed prices that can be achieved in the market

In line with the above circular, Swing Pricing will be applicable only for scenarios related to net outflows from the schemes. Swing pricing Framework would be a Hybrid framework with:

- a partial swing during normal times and
- a mandatory full swing during market dislocation times for high risk open ended debt schemes.

Applicability of Mandatory Swing pricing during market dislocation will be notified by SEBI.

Mandatory Swing pricing during market dislocation would be applicable for the aforementioned schemes only if they have a High or Very High risk on the risk-o-meter in terms of SEBI circular SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020 (as of the most recent period at the time of declaration of market dislocation) and for the schemes which classify themselves in the cells A-III, B-II, B-III, C-I, C-II and C-III of Potential Risk Class (PRC) Matrix.

Accordingly, LICMF Short Term Debt Fund, LICMF Banking & PSU Debt Fund and LICMF Bond Fund have been classified in B-II, A-III and B-III cells respectively in terms of SEBI circular SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 7, 2021 on Potential Risk Class (PRC) Matrix.

Minimum Swing Factor for schemes of LIC Mutual Fund and the NAV will be adjusted for swing factor as follows:

Max Credit Risk of scheme→	Relatively Low	Moderate	Relatively High
Max Interest Rate Risk of the scheme ↓	Class A (CRV* >=12)	Class B (CRV >=10)	Class C (CRV <10)

Relatively Low Class I: (MD≤1 year)	A-I Not Applicable	B-I Not Applicable	C-I Not Applicable
Moderate Class II: (MD≤3 years)	A-II Not Applicable	B-II LIC MF Short Term Debt Fund 1.25% Swing Factor	Not Applicable C-II
Relatively High Class III: Any Macaulay Duration (MD)	A-III LIC MF Banking & PSU Debt Fund 1.00% Swing Factor	B-III LIC MF Bond Fund 1.5% Swing Factor	C-III Not Applicable

*CRV: Credit Risk Value

Illustration:

Consider a scheme categorized in A III category having NAV of Rs 100, has a mandatory swing factor of 1%, following is NAV adjusted for swing pricing under market dislocation:

Scenario	Scheme Category as per PRC Matrix	Mandatory Swing Factor##	Impact	Present NAV (Rs)	NAV Adjusted for Swing pricing (Rs)
Market dislocation declared by SEBI	A-III	1%	NAV will be adjusted downwards	100	99

##Mandatory Swing Factor will depend on the PRC Cell matrix of the respective Schemes

Swing pricing shall be made applicable to all unitholders at PAN level with an exemption for redemptions upto Rs. 2 lacs for each mutual fund scheme for both normal times and market dislocation.

Disclosures pertaining to NAV adjusted for swing factor shall be made by the AMC in the prescribed format in the Scheme Information Document and in scheme wise Annual Reports and Abridged summary thereof and on the website in case swing pricing framework has been made applicable for a mutual fund scheme.

The above provisions may be subject to applicable changes as may be prescribed by SEBI/AMFI from time to time.

This notice cum addendum will form an integral part of the Scheme Information Document (SID) and Key Information Memorandum (KIM) of LICMF Short Term Debt Fund, LICMF Banking & PSU Debt Fund and LICMF Bond Fund.

All other terms and conditions of the Schemes will remain unchanged.

For LIC MUTUAL FUND ASSET MANAGEMENT LIMITED

Date: 28/12/2021
Place: Mumbai

Sd/-
Authorized Signatory

As part of Go-Green initiative, investors are encouraged to register/update their email ID and Mobile Number with us to support paper-less communication.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.