



STATEMENT OF ADDITIONAL INFORMATION (SAI)

OF

LIC MUTUAL FUND ASSET MANAGEMENT LTD

Sponsor: Life Insurance Corporation of India (LIC)
Registered Office:
Yogakshema Building,
Jeevan Beema Marg,
Nariman Point,
Mumbai 400 021.

Trustee: LIC Mutual Fund Trustee Private Limited
CIN: U65992MH2003PTC139955
Registered Office: 4th Floor,
Industrial Assurance Building,
Opp. Churchgate Station,
Mumbai-400020

Investment Manager: LIC Mutual Fund Asset Management Limited
CIN: U67190MH1994PLC077858
Registered Office: 4th Floor,
Industrial Assurance Building,
Opp. Churchgate Station,
Mumbai-400020

Toll Free No: 1800-258-5678

E-mail: service@licmf.com

Website: www.licmf.com

TABLE OF CONTENTS

I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANY	3
A.CONSTITUTION OF THE MUTUAL FUND	3
B.SPONSOR	3
C.THE TRUSTEE	3
D.ASSET MANAGEMENT COMPANY	11
E.SERVICE PROVIDERS.....	25
II. CONDENSED FINANCIAL INFORMATION	26
HISTORICAL PER UNIT STATISTICS.....	26
III. HOW TO APPLY	28
IV. RIGHTS OF UNITHOLDERS OF THE SCHEME	43
V. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS	44
PROCEDURE FOR TAKING INVESTMENT DECISIONS.....	44
VI. TAX & LEGAL & GENERAL INFORMATION	51
A. TAX TREATMENT OF INVESTMENT IN MUTUAL FUNDS	51
B. LEGAL INFORMATION	61
C. GENERAL INFORMATION	71

STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information (SAI) contains details of LIC Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document).

This SAI is dated 25th June 2019

I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANY

A. CONSTITUTION OF THE MUTUAL FUND

LIC Mutual Fund (the “Mutual Fund”) has been constituted as a trust on 20/04/1989 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with LIC of India as the Sponsor and the LIC Mutual Fund Trustee Private Ltd. as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on 9/5/94 vide Registration Code No. MF/012/94/5, which was issued afresh by SEBI in the name of LIC NOMURA Mutual Fund on 6/4/2011 under Registration Code. MF/012/94/5 and then subsequently in the name of LIC Mutual Fund on 12/05/2016 under the same registration code.

B. SPONSOR

LIC Mutual Fund Asset Management Ltd. is sponsored by LIC of India. The Sponsor is the Settler of the Mutual Fund. The Sponsor has entrusted a sum of Rs.2 Cr to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

Financial Performance of the Sponsor (past three years):

LIC of India, incorporated in 1956 under the LIC Act is in the principal business of providing life insurance. The brief financial position of LIC, is as under:

PARTICULARS	FOR FINANCIAL YEARS (RS. IN CRORE)		
	2017-18	2016-17	2015-16
Total Income	523611.11	492626.60	424186.68
Total Outgo (Including Taxes, Transfer to Reserves & 5% Of Valuation Surplus Paid to Central Govt)	262926.05	226449.38	190756.25
Life Fund at The End of The Year	2584484.92	2323802.60	2057625.38
Capital Provided by Central Govt.	100.00	100.00	100.00

C. THE TRUSTEE

LIC Mutual Fund Trustee Private Ltd. (the “Trustee”), through its Board of Directors, shall discharge its obligations as trustee of the LIC Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC.

Details of Trustee Directors:

NAME	Age	Qualification	Brief Experience
Shri Suseel Kumar (Associate)	58	M.A. (Economics)	<ul style="list-style-type: none"> • Shri T C Suseel Kumar took charge as Managing Director of Life Insurance Corporation of India on 14th March 2019. Prior to taking charge as Managing Director, he was in-charge of South Central Zone, heading operations in Andhra Pradesh, Telangana and Karnataka states, since April 2016. • He is a Post Graduate in Economics with University rank and joined the Corporation as 13th Batch Direct Recruit Officer in 1984. • He is presently on the Boards of LIC Pension Fund, LICHFL AMC Co. Ltd. and LIC (Lanka) Ltd.
Shri M Raghavendra (Independent)	74	B.Com., LLB	<ul style="list-style-type: none"> • Shri M Raghavendra Retired as General Manager from General Insurance Corporation of India. During his tenure in GIC he was in charge of Finance and Accounts, Personnel, HRD and Office Services, Crop Insurance and Foreign Operations and Information Technology Departments. • He has also worked in various capacities in Reinsurance Accounts, Reinsurance Underwriting, Investment Operations and Accounts and Financial Advisor's Department of GIC. He was an ex-officio director on the Board of United India Insurance Company Ltd. and Director & first Chief Executive of Agriculture Insurance Co. Ltd., New Delhi. Also represented GIC as its Nominee Director on the Boards of several reputed corporate bodies. He has participated as a member in various committees in the industry from time to time.

<p>Shri T C Venkat Subramanian (Independent)</p>	<p>69</p>	<p>B.E., CAIIB</p>	<ul style="list-style-type: none"> • Mr. Subramanian holds a Bachelor's degree in Engineering and is a certified associate of Indian Institute of Bankers. He has over 37 years of professional experience in the financial sector having worked in Bank of India (one of the largest Indian commercial banks) and Industrial Development Bank of India before joining Exim Bank of India in 1982 at the time of inception of the Bank. Retired in October 2009 after eight and a half years as the Chairman and Managing Director of Export-Import Bank of India (Exim Bank of India). • He has worked in Turkey as a consultant in 1987 and helped setting up Exim Bank of Turkey (Turk Exim Bank). He also undertook consultancy assignments in Armenia (for setting up Export Development Project) and in Ukraine (for designing export development schemes for Ukraine Exim Bank). • He was the Hon. President of Global Network of Exim Banks and Development Finance Institutions (G-NEXID), Geneva, under the auspices of UNCTAD for three years (2006-09). He was a member of the General Council of Indian Council of World Affairs (ICWA), New Delhi (a think tank on international affairs under the Ministry of External Affairs), appointed by the Government of India for a three year term between 2010-2013. • Mr. Venkat Subramanian also served as the Non-Executive Chairman of the Board of Indian Bank for a term of three years (2015-2018) appointed by Government of India. At present, he is associated with Foundation of Organizational Research and Education (FORE School of Management), Delhi as a Director on the Board.
--	-----------	--------------------	---

Shri H N Motiwalla (Independent)	74	B.Com, LLB, F.C.A, D.I.S.A (ICAI)	<ul style="list-style-type: none"> • Mr. Motiwalla holds a Bachelor's Degree in Commerce as well as Law and is a practicing Chartered Accountant. <p>He is a Sr. Partner in M/s. H N Motiwalla & Co. and M/s. Chhajed & Doshi. He was the former President of Bombay Chartered Accountants' Society.</p> <ul style="list-style-type: none"> • In the past Mr. Motiwalla was also the Chairman of Western India Regional Council of the Institute of Chartered Accountants of India (ICAI) and council member of ICAI for 9 years. • He was the Secretary General of All India Federation of Tax Practitioner. He has contributed several articles on the subject of Taxation, Company law & Finance.
Rammohan Nilkanth Bhave (Independent)	62	B.Com, LL.B. (G), FCA, FCMA, ACS, Dip IFRS, ACCA London.	<ul style="list-style-type: none"> • Mr. Rammohan Bhave is a management consultant on IFRS/Ind AS and valuation. He was the Chief Finance Director – Mittal Group, London, Europe (From 2007 to 2008) and Sr. VP Finance – Gammon India Ltd., Mumbai (From 2005 to 2006)

Substantive Provisions of Trust Deed

- A Director of Trustee Co. in carrying out his responsibilities as Member of the Board of Trustee Co. shall maintain an arm's length relationship with other companies, or institutions or financial intermediaries or any Body Corporate with which he may be associated.
- A member of the Board of Trustee Co. shall not participate in the meetings of the Board or in any decision-making process for any investment in which he may be interested.
- All members of the Board of Trustee Co. shall furnish to the SEBI, the interest which they may have in any other company or institution or financial intermediary or any corporate by virtue of their position as Directors, Partners or with which they may be associated in any other capacity.
- The Trustee Co. shall take into their custody or under their control all the capital property of the various schemes of LIC Mutual Fund Asset Management Ltd and shall hold it in trust for the Unit holders.
- It shall be the duty of the Trustee Co. to act in the best interest of the unit holders and shall provide or cause to provide information to Unit holders and SEBI as may be specified by SEBI.
- All Unit holders will have beneficial interest in the trust property to the extent of individual holding in respective schemes only.
- The Trustee Co. shall appoint an AMC with SEBI approval to float schemes and manage the funds mobilized under various schemes. The Trustee Co. shall enter into an investment management agreement with the AMC for this purpose.
- The Trustee Co. shall appoint a custodian and be responsible for the supervision of its activities in relation to the mutual fund and shall enter into a custodian agreement for this purpose.
- The Trustee Co. shall explicitly forbid the acquisition of any asset out of the trust property, which involves the assumption of any liability, which is unlimited or results in encumbrance of the trust property in any way.
- The trustee Co. shall have the power to dismiss the AMC under the specific events only with the approval of SEBI in accordance with the Regulations.

- The Trustee Co. shall take reasonable care to ensure that the funds under the various schemes floated and managed by the Asset Management Company are in accordance with the Trust Deed and the guidelines issued by SEBI.
- The Trustee Co. shall supervise the collection of any income due to be paid to the scheme and claiming of any repayment of tax and holding of any income received in trust for the holders in accordance with the Trust Deed and guidelines issued by SEBI.
- The Trustee Co. Board shall meet at-least once in every 2 months and at-least 6 such meetings shall be held every year.
- No amendment to the Trust Deed shall be carried out without the prior approval of Unit holders and SEBI, provided however, that in case a Board of Trustees is converted into a Trustee Company such a conversion shall not require the approval of Unit holders.

Functions and responsibilities of the Trustee

The Board of Trustee Co. shall discharge the functions and responsibilities as per the Trust Deed and Deed of Modification as mentioned in Schedule III of SEBI (MF) Regulations, 1996 and as per SEBI (Mutual Funds) Regulations 1996 as may be amended from time to time.

Under SEBI (Mutual Fund) Regulations, 1996, the Trustees/Trustee Co. have the following duties and obligations:

- A. To enter into an investment management agreement with the asset management company with prior approval of the SEBI.
- B. To ensure that the investment management agreement contains such clauses as are mentioned in the Fourth Schedule of SEBI (Mutual Fund) Regulations, 1996 and such other clauses as are necessary for the purpose of making investment.
- C. To ensure before the launch of any scheme that the asset management company has: -
 - Systems in place for its back office, dealing room and accounting;
 - Appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the trustee, within 15 days of their appointment;
 - Appointed auditors to audit its accounts, and ensured that the auditor for the Mutual Fund is different from the auditor of the AMC;
 - Appointed compliance officer to comply with regulatory requirements and to redress investor grievances;
 - Appointed registrars and laid down parameters for their supervision;
 - Appointed Custodians and laid down the parameters for supervision of their activities;
 - Prepared compliance manual and designed internal control mechanisms including internal audit systems;

- Specified norms for empanelment of brokers and marketing agents.
- D. To ensure that the Asset Management Company has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
- E. To ensure that the asset management company has not given any undue or unfair advantage to any associates or dealt with any of the associates of the asset management company in any manner detrimental to interest of the Unit holders.
- F. To ensure that the transactions entered into by the Asset Management Company are in accordance with SEBI (Mutual Fund) Regulations, 1996 and the scheme.
- G. To ensure that the asset management company has been managing the mutual fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme is not being compromised with those of any other scheme or of other activities of the asset management company.
- H. To ensure that all the activities of the asset Management Company are in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.
- I. Where the trustee has reason to believe that the conduct of business of the mutual fund is not in accordance with SEBI (Mutual Fund) Regulations, 1996 and the scheme they shall forthwith take such remedial steps as are necessary by them and shall immediately inform the SEBI of the violation and the action taken by them.
- J. To file the details of his/her holdings in securities on a quarterly basis with the trust.
- K. To be accountable for, and be the custodian of, the funds and property of the respective schemes and to hold the same in trust for the benefit of the unit holders in accordance with SEBI (Mutual Fund) Regulations, 1996 and the provisions of trust deed.
- L. To take steps to ensure that the transactions of the mutual fund are in accordance with the provisions of the trust deed.
- M. To be responsible for the calculation of any income due to be paid to the mutual fund and also of any income received in the mutual fund for the holders of the units of any scheme in accordance with SEBI (Mutual Fund) Regulations, 1996 and the trust deed.
- N. To obtain the consent of the Unit holders:
- Whenever required to do so by the SEBI in the interest of the Unit holders; or
 - Whenever required to do so on the requisition made by three-fourths of the Unit holders of any scheme; OR
 - When the majority of the trustee decide to wind up or prematurely redeem the units; or
 - Whenever any modification of the fundamental attributes of the scheme, or the trust or the fees and expenses payable or any other modification by the Trustee is proposed it shall be

made bearing in mind that the interest of the Unit holders is not affected and no change in any of the above shall be carried out unless –

- A written communication about the change is sent to each unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head office of the Mutual Fund is situated; and

- The unit holders are given an option to exit at prevailing NAV without any exit load.

Explanation: For the purposes of this clause “fundamental attributes” mean the type of a scheme, the investment objectives and terms of issue.

O. To call for the details of the transactions in securities by the key personnel of the asset management companies in their own name or on behalf of the asset management company and shall report to the SEBI, as and when required.

P. To make a quarterly review of all transactions carried out between the mutual fund, asset Management Company and its associates.

Q. To quarterly review the net worth of the asset management company and in case of any shortfall, ensure that the asset management company make up for the shortfall as per clause (f) of sub-regulation (1) of regulation 21 of SEBI (Mutual Fund) Regulations, 1996.

R. To periodically review all service contracts, such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the Unit holders.

S. To ensure that there is no conflict of interest between the manner of deployment of its net worth by the asset management company and the interest of the Unit holders.

T. To periodically review the investor complaints received and the redressal of the same by the asset management company.

U. To abide by the Code of Conduct as specified in the Fifth Schedule of SEBI (Mutual Fund) Regulations, 1996.

V. To furnish to the SEBI on half yearly basis, -

- a) A report on the activities of the mutual fund;

- b) A certificate stating that the trustee has satisfied itself that there have been no instances of self-dealing or front running by any of the member of the trustee, directors and key personnel of the asset management company;

- c) A certificate to the effect that the asset management company has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (2) of the regulation 24 of SEBI (Mutual Fund) Regulations, 1996 have been undertaken by the asset management company, it has taken adequate steps to ensure that the interest of the Unit holders is protected.

The independent Directors of Trustee Co. shall give their comment on the report received from the AMC regarding the investment by Mutual Fund in the securities of group Company(s) of the sponsor.

Supervisory Role of the Trustee:

During the financial year 2018-19 (April to March), the Trustee has held Seven Board Meetings and during the period April 2019 to June 2019, the Trustee has held one meeting. The supervisory role of the Trustee is discharged by receiving continuous feedback from the AMC on matters of importance, through bi-monthly, quarterly and half yearly reports, and a review of the Mutual Fund's operation at Board Meetings.

The Trustee fees

In accordance with the Trust Deed constituting the Mutual Fund and the Deed of Modification, the Trustee Co. is entitled to receive a sum of Rs.20 lakhs per annum.

Certificate of registration

In accordance with the Regulation 9 of the Securities & Exchange Board of India Regulations, the LIC Mutual Fund Asset Management Ltd has obtained a Certificate of Registration from SEBI on 9/5/94 vide Registration Code No. MF/012/94/5, which was issued afresh by SEBI in the name of LIC NOMURA Mutual Fund on 6/4/2011 with the same registration code. i.e. MF/012/94/5 subsequently in the name of LIC Mutual Fund on 12/05/2016 under the same registration code.

D. ASSET MANAGEMENT COMPANY

LIC Mutual Fund Asset Management Ltd. (AMC) is a public limited company incorporated under the Companies Act, 1956 on 20th April 1994, having its Registered Office at 4th Floor, Industrial Assurance Building, Opp. Churchgate Station, Mumbai – 400 020. LIC Mutual Fund Asset Management Ltd. has been appointed as the Asset Management Company of the LIC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated 22/04/1994 and executed between LIC Mutual Fund Trustee Private Ltd. and LIC Mutual Fund Asset Management Ltd.

The AMC is also carrying out Portfolio Management Services as per SEBI (Portfolio Managers) Regulation 1993. The SEBI registration number for Portfolio Management Services is INP000001694.

SHAREHOLDING PATTERN

- Life Insurance Corporation of India (including 7 nominee shareholders)	: 45%
- LIC Housing Finance Ltd.	: 39.3%
- GIC Housing Finance Ltd.	: 11.7%
- Corporation Bank	: 4%

Details of AMC Directors:

NAME	Age	Qualification	Brief Experience
Shri M.R. Kumar (Associate)	58	Bsc. Licentiate	<ul style="list-style-type: none"> Shri M.R.Kumar, took charge as Chairman, LIC of India on 14th March 2019. He joined LIC of India in 1983 as a Direct Recruit Officer. In a career spanning more than three and a half decades, he has had the unique privilege of heading three Zones of LIC of India, viz, Southern Zone, North Central Zone and Northern Zone, head quartered at Chennai, Kanpur and Delhi, respectively. He headed two prestigious divisions i.e. Ahmedabad in Western Zone and Ernakulum in Southern Zone as Sr. Divisional Manger. He was also Regional Manager (Marketing) and Regional Manager (P&IR) at Kolkata and Chennai.
Shri Vinay Sah (Associate)	59	M.Sc. (Statistics)	<ul style="list-style-type: none"> Managing Director & Chief Executive Officer – LIC Housing Finance Limited (12th April 2017 till date) Executive Director (Marketing & Product Development) – Life Insurance Corporation of India (2015-2017) Zonal Manager (Western Zone) - Life Insurance Corporation of India, (2013 – 2015) Zonal Manager (East Central Zone) – Life Insurance Corporation of India, Patna (2010 – 2013) Director Zonal Training Centre - Life Insurance Corporation of India, Kolkata (2008 - 2010) Chief Marketing – Life Insurance Corporation of India, Central Office, Mumbai (2007-2008)

<p>Shri S K Mitra (Independent)</p>	<p>71</p>	<p>M.Sc (Mathematics), Master of Management Science, USA</p>	<ul style="list-style-type: none"> • As the Group Director, Financial Services, Aditya Birla Group, (1994- 2007), set up the very successful diversified financial services business and ran each of the verticals at various stages. Currently Advisor, Director of several reputed Corporate and NGOs. India correspondent for Asia Asset Management, Hong Kong. • As Managing Director, GIC Asset Management Company (1990-94) was one of the early successful players in the Asset Management Industry. Was pioneer in tying up joint venture and setting up offshore Fund. • American Express Bank - (1985 – 88) As Country Head, Investment & Corporate Banking dealt extensively with wide range of banking and capital market activities. • Standard Chartered Bank - Was part of original team to set up the Merchant Banking Department in 1978. Dealt with Capital Market, Banking and Institutional lenders, including overseas players. • Bank of India – Was part of original team to set up the Merchant Banking Department in 1977. Dealt with Capital Market, Banking and Institutional lenders.
---	-----------	--	--

Shri Satish K Kamat (Independent)	62	B.com, Chartered Accountant	<ul style="list-style-type: none"> • Shri Satish Kamat is a Chartered Accountant with over thirty-eight years of corporate experience in finance and general management functions. • His significant employments have been with Glaxo India as its Corporate Treasurer, with Cargill Inc. as a member of its founding and leadership team in India as a Director of Cargill India. • He held senior positions in various businesses of Mahindra Group during 1999-2017. • He is an independent Director on the board of LIC Mutual Fund Asset Management Limited, a non-executive Director of Mahindra Susten Private Limited. He has been associated with Indian Council on Global Relations - Gateway House, a foreign policy think tank from its inception and is a member of its Executive Board. • He is currently associated with various non-for-profits institutions.
Shri Kailash Kumar Bang (Independent)	54	B.Com., FCA, DISA (ICAI)	<ul style="list-style-type: none"> • Partner in Trivedi & Bang, Chartered Accountants, Hyderabad for the last 27 years, in the field of Audit & Taxation.
Shri Sanjay Achyutao Muthal (Independent)	61	Bsc., Masters in Business Management,	<ul style="list-style-type: none"> • An HR Professional with a distinguished profile in different capacities. •

Ms. Neera Saxena	57	M.SC. (ENTOMOLOGY), A.I.I.I.	<ul style="list-style-type: none"> • She is a Direct Recruit Officer of 1986 generalist batch of New India Assurance Company Ltd and has completed her Associateship from Insurance Institute of India. • Prior to the present posting, she was DGM Health and Miscellaneous Technical and Liability at New India Assurance Co. Ltd, Corporate Office at Mumbai. She was promoted to the cadre of General Manager on 9th July 2018 and after joining United India Insurance Company Ltd., was deputed to GIC Housing Finance Limited (GICHFL) as Managing Director & CEO and joined GICHFL on 16/07/2018 and was incorporated as member of the Board on 03/08/2018 and continues to hold the position in GICHFL as Managing Director & CEO till date.
Shri Vijay Sharma (Independent)	67	Masters in History, LLB	<ul style="list-style-type: none"> • Member and Vice Chairman- Income Tax Settlement Commission (ITSC) New Delhi. (May, 2012 - November, 2014) • Chief Commissioner of Income Tax (Administration) Bihar and Jharkhand - Income Tax Department, Patna (September 2011 - May, 2012) • Director General of Income Tax (Investigation) -Income Tax Department Bhopal. (April 2011 - August 2011) • Commissioner of Income Tax, Delhi-1 - Income Tax Department New Delhi (January 2008 - March 2011) • Deputy Director General (DDG) – Central Economic Intelligence Bureau (CEIB) New Delhi. (December 2005 - December 2007) • Member of Bihar State Bar Council (Enrl. No.: BR/141/2015). • He is also on the panel of arbitrators for NSE and BSE

Shri Dinesh Pangtey (Associate)	57	B.Sc.	<ul style="list-style-type: none"> • Chief Executive Officer - LICHFL AMC Ltd. (22.04.2016 - 30.04.2019) • Regional Manager (Pension & Group Schemes) Marketing - LIC of India, Mumbai (2015-2016) • Regional Manager (Marketing) - LIC of India, West Zone, Mumbai (2012-2015) • Regional Manager (Estate) Administration - LIC of India, West Zone, Mumbai (2010-2012) • Senior Divisional Manager (Marketing) - LIC of India, Delhi Divisional Office III (2008-2010)
---------------------------------	----	-------	---

Duties and obligations of AMC

The Investment Management Agreement was entered into by the LIC MF Asset Management Ltd. on 22.04.94.

Under the SEBI (Mutual Funds) Regulations, 1996, the Asset Management Company has the following obligations:

1. To take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of SEBI (Mutual Fund) Regulations, 1996 and the trust deed.
2. To exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
3. To be responsible for the acts of commissions or omissions by its employees or the persons whose services the Asset Management Company has procured.
4. To submit to the trustee quarterly reports of each year on its activities and the compliance with SEBI (Mutual Fund) Regulations, 1996.
5. The trustee at the request of the Asset Management Company may terminate the assignment of the Asset Management Company at any time, provided that such termination shall become effective only after the trustee have accepted the termination of assignment and communicated their decision in writing to the Asset Management Company.

6. Notwithstanding anything contained in any contract or agreement or termination, the Asset Management Company or its directors or other officers shall not be absolved of liability to the mutual fund for their acts of commissions or omissions, while holding such position or office.
7. The SEBI (MF) Regulations 1996 specify that, the AMC,
 - a) Shall not through any broker associated with the sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes.
Provided that for this sub-regulation, aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the mutual fund. Further provided that the aforesaid limit of 5% shall apply for a block of three months.
 - b) Shall not purchase or sell securities through any broker (other than a broker referred to in clause (a)) which is average of 5 % or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes, unless LIC Mutual Fund Asset Management Ltd. has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the trustee on a quarterly basis. Provided that the aforesaid limit shall apply for a block of three months.
 - c) Shall submit a quarterly report to the trustee giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsor or MF AMC as the case maybe, by the mutual fund during the said quarter.
8. Not to utilize the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities provided that the Asset Management Company may utilize such services if disclosure to that effect is made to the unit holders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the mutual fund.
9. To file with the trustee the details of transactions in securities by the key personnel of the asset management company in their own name or on behalf of the asset management company and to also report to the SEBI, as and when required by the SEBI.
10. In case the asset management company enters into any securities transactions with any of its associates, a report to that effect to be sent immediately to the trustee.
11. In case any company has invested more than 5 percent of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries to be brought to the notice of the trustee by the asset management company and to be disclosed in the half yearly and annual accounts of the respective schemes with justification for such investment. Provided that the latter investment has been made within 1 year of the date of the former investment calculated on either side.
12. To file with the trustee and the SEBI -
 - a) Detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment; and
 - b) Any change in the interests of the directors every six months.

13. To file with the trustee a statement of holdings in securities of the directors of the asset management company with the dates of acquisition of such securities at the end of each financial year.
14. Not to appoint any person as key personnel who has been found guilty of any economic offense or involved in violation of securities laws.
15. To appoint registrars and share transfer agents who are registered with the SEBI.
Provided if the work relating to the transfer of units, repurchase/ redemption etc. is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the trustee shall be obtained and reasons of charging higher rates shall be disclosed in the annual accounts.
16. To abide by the Code of Conduct as specified in the Fifth Schedule.
The appointment of the AMC can be terminated by a majority of the trustee or by seventy five percent of unit holders of the scheme.
17. The AMC is currently managing the affairs of the schemes of LIC Mutual Fund. It has obtained certificate of registration for carrying on the business of portfolio managers in terms of Regulation 24 (2).

INFORMATION ON KEY PERSONNEL

The day-to-day operations of the AMC are looked after by experienced and qualified professionals

NAME	AGE	POSITION	QUALIFICATION	EXPERIENCE
Shri Dinesh Pangtey	57	Whole Time Director and Chief Executive Officer	B.Sc.	<ul style="list-style-type: none"> • Chief Executive Officer - LICHFL AMC Ltd. (22.04.2016 - 30.04.2019) • Regional Manager (Pension & Group Schemes) Marketing - LIC of India, Mumbai (2015-2016) • Regional Manager (Marketing) - LIC of India, West Zone, Mumbai (2012-2015) • Regional Manager (Estate) Administration - LIC of India, West Zone, Mumbai (2010-2012) • Senior Divisional Manager (Marketing) - LIC of India, Delhi Divisional Office III (2008-2010)

Mr. Nityanand Prabhu	49	Chief Operating Officer	B. Com. LLB	<ul style="list-style-type: none"> • Presently, Chief Operating Officer at LIC Mutual Fund Asset Management Ltd. (Current, effective April 06, 2015) • COO & Acting CEO at ING Investment Mgt Ltd (2007 to 2015) • AVP Operations & IT at ABN Amro Asset Management Ltd 2004 – 2007)
Mr. S. Ramasamy	59	Chief Risk Officer	ACA, B.Com	<ul style="list-style-type: none"> • Chief Risk Officer – LIC Mutual Fund (w.e.f. July 2018) • Treasury Operation – LIC Of India (w.e.f. 2015 - 2018) • Chief Investment Officer – LIC Mutual Fund (w.e.f. 2013 - 2015) • Regional Manager- LIC Housing Finance Ltd. (w.e.f. 2011- 2013) • Fund Manager (Equity) – LIC Mutual Fund (w.e.f. 2009 - 2011) • Fund Manager Unit Link Insurance Plan – LIC Of India (w.e.f. 1998-2009)
Ms. Y. V. Padmavati	57	Chief Human Resource Officer	<p>M.Sc (Org Chem) – University of Delhi</p> <p>B.Sc (Chem Hons) - University of Delhi</p>	<ul style="list-style-type: none"> • HR & Admin - LIC Mutual Fund Asset Management Ltd. (From April 2019 to June 2019) • Learning & Development - LIC Mutual Fund Asset Management Ltd. (From July 2018 to April 2019) • Chief (International Operations) - LIC of India (From April 2016 to July 2018) • Regional Manager (Legal) - LIC of India (From

				<p>May 2014 to April 2016)</p> <ul style="list-style-type: none"> Secretary Golden Jubilee Foundation/Compliance - LIC of India (From May 2009 to May 2014)
Mr. Ravi Kumar Jha	52	Chief Marketing Officer	B. Com (Honours) – Ranchi University	<ul style="list-style-type: none"> Secretary (INVO), CO – LIC of India (From 22.05.2017 to 03.05.2019) Secretary (Mktg.), CO - LIC of India (From 29.04.2015 to 22.05.2017) Sr. Divisional Manager, MDO-3 - LIC of India (From 07.05.2013 to 29.04.2015) Sr. Divisional Manager, Delhi DO-1 - LIC of India (From 28.04.2011 to 07.05.2013) Sr. Divisional Manager, Delhi DO-2 - LIC of India (From 01.05.2010 to 28.04.2011) Manager (P&GS), Dehradun - LIC of India (From 05.05.2008 to 01.05.2010)
Mr. Rahul Singh	37	Debt Fund Manager	Bsc. Economics Hons., PGDM (MBA) – IIM Ahmedabad	<ul style="list-style-type: none"> Presently Fund Manager, Debt - LIC Mutual Fund Asset Management Ltd (w.e.f. 07/09/2015) Dealer - Fixed Income - BOI AXA Investment Managers (August 2009 – August 2015) Credit Analyst – ING Investment Management (May 2008 – August 2009) Internship – Standard Chartered Bank (April 2007 – May 2007) Research Analyst – Ashika Capital (Jan 2004 to April 2006)
Mr. Yogesh Patil	43	Fund Manager - Equity	MBA (Finance) - Symbiosis Institute	<ul style="list-style-type: none"> Fund Manager (Equity)- LIC Mutual Fund Asset

			of Business Management, Pune B.com - Govt. College BHEL Bhopal	Management Ltd. (w.e.f. October 2018) <ul style="list-style-type: none"> • Senior Fund Manager (Equity) – Canara Robeco Mutual Fund (September 2009 – September 2018) • Research Analyst – Sahara Mutual Fund (December 2006 – August 2009)
Mr. Marzban Irani	44	Chief Investment Officer – Fixed Income	PGDBM - Chetana's Institute of Management & Research, Mumbai. B.Com – Mumbai University	<ul style="list-style-type: none"> • Chief Investment Officer – Fixed Income - LIC Mutual Fund Asset Management Ltd. (w.e.f. 24/04/2019) • Fund Manager Fixed Income - LIC Mutual Fund Asset Management Ltd. (w.e.f. 04/08/2016) • VP Fixed Income - DSP BlackRock Investment Managers (Jun 2014 – Jul 2016) • Senior Fund Manager Fixed Income - TATA Asset Management (Jun 2011- May 2014). • Fund Manager Fixed Income – METLIFE INDIA INSURANCE (Sep 2010 – May 2011) • Fund Manager Fixed Income - Mirae Asset Global Investment Mgmt India (Jan 2008 – Jul 2010) • Fund Manager Fixed Income – TATA Asset Management (Sep 2000- Nov 2007)

Mr. Pawan Kumar Baheti	36	Chief Financial Officer	B. Com, CA	<ul style="list-style-type: none"> • Presently, Chief Financial Officer at LIC Mutual Fund Asset Management Ltd. • Senior Manager-Finance at BOI AXA Investment Managers Private Limited. • Manager-Finance at Bharti AXA Investment Managers Private Limited. • Manager-Accounts at Kotak Securities Limited • Assistant Manager at Deloitte Haskins & Sells
Mr. Mayank Arora	38	Head-Compliance & CS	M.Com, CS	<ul style="list-style-type: none"> • Presently, Compliance Officer & CS at LIC Mutual Fund Asset Management Ltd (From October 2014 till date) • Company Secretary at Sahara Asset Management Company Private Limited (From Jan, 2007 to Oct, 2014); • Senior Associate-Secretarial & Legal at Kale Consultants Limited (From November, 2004 to December, 2007) • Management Trainee at Kale Consultants Limited (From August, 2003 to November, 2004)

Mr. Sachin Relekar	44	Chief Investment Officer-Equity	MMS (Finance), Jamnalal Bajaj Institute of Management Studies, Mumbai B.E. (Mech), K. E. S. College of Engineering, Islampur	<ul style="list-style-type: none"> • Chief Investment Officer – Equity - LIC Mutual Fund Asset Management Ltd. (w.e.f. 18/02/2019) • Presently Equity Fund Manager at LIC Mutual Fund Asset Management Ltd. • Business Development (IT Products), Tech Pacific India Pvt. Limited, June 2003-Feb 2004. • Strategy consulting, Innovision Consulting June 2004-July 2005. • Equity Research (Sell Side), C D Equity Research Pvt. Ltd., Aug 2005-Sept'2007. • Equity Research (Buy Side), Tata AMC, Sept 2007-Nov 2012.
Ms Geetanjali Naik	49	Equity Dealer	B.Sc	<ul style="list-style-type: none"> • Presently Equity Dealer at LIC Mutual Fund Asset Management Ltd. • Manager, (PMS Fund Manager) LIC NOMURA Mutual Fund AMC Ltd.- From 2011 to 2013 • Manager, LIC NOMURA Mutual Fund AMC Ltd.- From 2005 to 2011 • Asst. Manager (Treasury), LIC NOMURA Mutual Fund AMC Ltd.- From 2002 to 2005 <p>Asst. Manager (NAV-Operations), LIC Mutual Fund AMC Ltd- From 2000 to 2002</p>

Mr. Sanjay Pawar	35	Senior Debt Dealer	B.com, (Finance) MBA	<ul style="list-style-type: none"> • Presently Senior Debt Dealer in LIC Mutual Fund Asset Management Ltd (December 2017 onwards) • Acko General Insurance Limited – Fixed Income Dealer (September 2017– November 2017). • National Stock Exchange Limited – Valuation & New Product Development (June 2017 – September 2017). • Taurus Mutual Fund – Fixed Income Dealer (June 2016 – May 2017) • Edelweiss Securities Limited – Fixed Income Trader (June 2012 – June 2016) • Crisil Limited – Senior Research Analyst – August 2009 – June 2012) • ICAP India Private Limited – Fixed Income Trader – WDM Dealer for placement of Fixed Income securities – (August 2007 – July 2009)
------------------	----	--------------------	----------------------	--

Mr. Yash Sanghvi	26	Junior Debt Dealer	PGDM (E-Business), B.Tech (Electronics)	<ul style="list-style-type: none"> Presently Junior Debt Dealer in LIC Mutual Fund Asset Management Ltd (January, 2018 onwards)
------------------	----	--------------------	---	--

E. SERVICE PROVIDERS

SERVICE PROVIDER	NAME	ADDRESS	SEBI/FIRM REGN. NO.
Custodian	Standard Chartered Bank	CRESCENZO, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	IN/CUS/006
Registrar & Transfer Agent	M/s. Karvy Fintech Pvt. Ltd.	Karvy Selenium Tower B, Plot No 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad 500008	INR000000221
Statutory Auditor	S. R. Batliboi & Co LLP	14th Floor, The Ruby, 29 Senapati Bapat Marg, Dadar (West), Mumbai – 400 028	301003E/E300005
Legal Counsel	Little & Co.	Little & Co., 3rd Floor, Central Bank Building, Mahatma Gandhi Road, Mumbai- 400 001	NA
Fund Accountant	Standard Chartered Bank	Ground floor, 90 M.G. Road, Fort, Mumbai-400001	NA

Collecting Bankers	Collection banks may be appointed by the AMC from time to time. Applications for the NFO will also be accepted at Designated Collection Centers. For details of Collecting banks, please refer to the SID of the scheme.
--------------------	--

The AMC shall have the right to change the Registrars and Transfer agent later.

The Board of Trustees and the Board of AMC have ensured that the Registrar and Transfer Agent M/s Karvy Fintech Pvt. Ltd. has adequate capacity to discharge responsibilities regarding processing of applications and dispatching unit certificates to unitholders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints.

II. CONDENSED FINANCIAL INFORMATION

The following is the condensed financial information for schemes launched by LIC MF Asset Management Ltd. during the last three fiscal years (excluding redeemed schemes).

HISTORICAL PER UNIT STATISTICS

LIC MF Arbitrage Fund	2018-2019	2017-2018	2016-2017
NAV at the start of the year		-	-
Direct Plan Growth Option	10.0000	-	-
Direct Plan Weekly Dividend Option	10.0000	-	-
Direct Plan Monthly Dividend Option	10.0000	-	-
Regular Plan Growth Option	10.0000	-	-
Regular Plan Weekly Dividend Option	10.0000	-	-
Regular Plan Monthly Dividend Option	10.0000	-	-
		-	-
Dividend		-	-
Direct Plan Weekly Dividend Option	0.07352609	-	-
Direct Plan Monthly Dividend Option	0.02656225	-	-
Regular Plan Weekly Dividend Option	0.06529126	-	-
Regular Plan Monthly Dividend Option	0.02656225	-	-
		-	-
NAV at the end of the year		-	-
Direct Plan Growth Option	10.1063	-	-
Direct Plan Weekly Dividend Option	10.0230	-	-
Direct Plan Monthly Dividend Option	10.0762	-	-
Regular Plan Growth Option	10.0944	-	-
Regular Plan Weekly Dividend Option	10.0205	-	-
Regular Plan Monthly Dividend Option	10.0643	-	-
		-	-
Annualized Returns (%)		-	-
LIC MF Arbitrage Fund - Dir - Growth	1.055	-	-

LIC MF Arbitrage Fund - Reg - Growth	0.940	-	-
Net Assets at the end of the period (Rs. In Cr.)	132.34	-	-
Ratio of Recurring Expenses to net assets	0.71%	-	-
Date of allotment 25-01-2019			

LIC MF Short Term Debt Fund	2018-2019	2017-2018	2016-2017
NAV at the start of the year		-	-
Direct Plan Growth Option	10.00000	-	-
Direct Plan Dividend Option	10.00000	-	-
Regular Plan Growth Option	10.00000	-	-
Regular Plan Dividend Option	10.00000	-	-
		-	-
Dividend		-	-
Direct Plan Dividend Option	0.00000	-	-
Regular Plan Dividend Option	0.00000	-	-
		-	-
NAV at the end of the year		-	-
Direct Plan Growth Option	10.2052	-	-
Direct Plan Dividend Option	10.2052	-	-
Regular Plan Growth Option	10.1879	-	-
Regular Plan Dividend Option	10.1879	-	-
		-	-
Annualized Returns (%)		-	-
LIC MF Short Term Debt Fund - Dir - Growth	13.1270	-	-
LIC MF Short Term Debt Fund - Reg - Growth	12.0385	-	-
Net Assets at the end of the period (Rs. In Cr.)	152.76	-	-
Ratio of Recurring Expenses to net assets	0.66%	-	-
Date of allotment 01-02-2019		-	-

III. HOW TO APPLY

1. New investors can purchase units by using an application form or through such other modes as may be offered by the AMC, subject to KYC and various requirements and documents. Existing unit holders may use the form attached to the bottom of their account statement i.e. Transaction Slip or use a Common Application Form or through such other modes as may be offered by the AMC. Application forms or common transaction forms are generally available at the official points of acceptance of transactions during the business hours. The same can also be downloaded from the website of the Mutual Fund, www.licmf.com.
2. Application Forms duly completed along with the Cheque /Demand Draft may be submitted at Branch Offices, of **LIC Mutual Fund Asset Management Ltd** or R&T Agent or other such collecting centers as may be designated by the AMC. Cheques / DDs should be drawn in favour of "Scheme Name" as per the respective Scheme Information Document and should be payable at the Center where the application is lodged.
3. Investors are required to ensure that employee Unique Identification Number (EUIN) is correctly filled up in the application form for investments routed through the distributor (ARN holder). EUIN, particularly in advisory transactions, would assist in addressing any instance of mis-selling even if the employee/relationship manager/ sales person later leaves the employment of the distributor. In case, the distributor has not given any advice to investor pertaining to the investment made, the EUIN box may be left blank wherein the investor will be required to provide a duly signed declaration to this effect, as given in the application form. SEBI has made it compulsory for every employee/ relationship manager/ sales person of the distributor of mutual fund products to quote the EUIN obtained by him/ her from AMFI in the Application Form.
4. No outstation cheques will be accepted. If there are no authorized investor services centers where the investor resides, the application form duly completed along with a DD, after deducting bank charges / commission from the amount of investment, may be submitted to authorized collection centers. If such bank charges / commission are not deducted by the applicant, then the same may not be reimbursed. However, in case of application along with local Cheque or Bank Draft payable at / from locations where LIC Mutual Fund has its designated Authorized Investor Service Centers, Bank Draft charges/ commission may have to be borne by the applicant. In such cases the Trustee Company is entitled, in its sole and absolute discretion, to reject or accept any application.

5. Investors can carry out financial and non-financial transactions pertaining to Scheme(s) of LIC Mutual Fund through MF Utilities at the authorized Points of Service of MF Utilities India Private Limited (MFUI). The details of Points of Service with effect from the respective dates published on MFU website at www.mfuindia.com will be considered as Official Point of Acceptance (OPA) for transactions in the Scheme(s) of the Fund. The transactions carried out through MFU shall be subject to the terms & conditions as may be stipulated by MFUI / Fund / LIC MF AMC from time to time.
 6. Investors may undertake transactions viz. purchase / redemption / switch through the online/electronic modes/ sources like its official website - www.licmf.com, through email and fax etc (Only for Corporate Investor) and may also submit transactions in electronic mode offered by specified banks, financial institutions, distributors etc., with whom AMC has entered or may enter into specific arrangements including through secured internet sites operated by Karvy. Accordingly, the servers (maintained at various locations) of the AMC and Karvy will be the official point of acceptance for all such online / electronic transaction facilities offered by the AMC. For determining the applicability of NAV, time of transaction would be the time when request for purchase / sale / switch of units is received in the servers of AMC/ RTA.
- Transaction Platforms of Bombay Stock Exchange (BSE) and National Stock Exchange (NSE)

Mutual Fund also offers an alternate transaction platform to facilitate purchase / subscription and redemption / repurchase of units of all its open-ended schemes (except for LIC MF Unit Linked Insurance Scheme) through the platforms of NSE & BSE. Under this facility, Trading Member of NSE/BSE can facilitate eligible investors to subscribe and redeem the mutual fund units using their existing network and order collection mechanism as provided by respective stock exchange. For further details contact our Branch Offices, Registrar & Transfer Agents and Investor Service Centers.

The Mutual Fund will not accept any request for transactions or service requests in respect of Units bought under this facility in demat mode directly. The AMC/Fund will not send any account statement in respect of Units bought in demat mode or accept any request for statement as the units will be credited in demat account of the investor and their DPs should be approached for issuance of statement.

- Option to hold in Demat Form:

As per SEBI Circular units of mutual fund schemes, wherein an option to hold units either in physical or demat form is available, shall be freely transferable, if held in demat form.

The investors are provided an option w.e.f. October 1, 2011 to receive allotment of Mutual Fund units in their demat account while subscribing to any open ended/close ended/interval scheme and accordingly, an option to the investors to mention demat account details in the subscription form, in case they desire to hold units in demat form, shall also be provided.

The investors are provided an option w.e.f. January 01, 2012 to receive allotment of Mutual Fund units in their demat account while subscribing to any open ended/close ended/interval scheme (for SIP (Systematic Investment Plan) transactions also,

however, the units will be allotted based on the applicable NAV as per Scheme Information Document and will be credited to investors demat Account on weekly basis on realization of funds.

However, investors may note that the units credited under the ISINs identified as LIC MF Tax plan and LIC MF ULIS, in the depository system and allotted through Stock Exchange Order Entry Platform shall be locked-in for a period of three years from the date of allotment of units.

In respect of units which are allotted other than through Stock Exchange Order Entry Platform under the ISINs identified as the aforesaid Plan, the lock-in will be incorporated at the time of crediting the units to the beneficiary owner account of the investor by executing corporate action or conversion of statement of account or any other mechanism.

The settlement start date (i.e. order entry date) as informed by the stock exchange to the depository for the relevant market type and settlement number from which the credit of units under aforesaid plan will be affected to the beneficial owner account of an investor will be considered as the date of allotment for the purpose of computation of three years lock-in period by the depository.

7. Cash Investment in Mutual Fund Schemes:

- In partial modification to SEBI Circular no. MFD/CIR/15/19133/2002 dated September 30, 2002 and to help enhance the reach of mutual fund products amongst small investors, who may not be tax payers and may not have PAN/bank accounts, such as farmers, small traders/businessmen/workers, cash transactions in mutual funds to the extent of Rs. 50,000/- per investor, per mutual fund, per financial year is allowed subject to (i) compliance with Prevention of Money Laundering Act, 2002 and Rules framed there under; the SEBI Circular(s) on Anti Money Laundering (AML) and other applicable AML rules, regulations and guidelines and (ii) sufficient systems and procedures in place.

Procedure for Cash Investments:

- a. Deposit slips for making Cash Investments may be obtained from ISCs which accept Cash Investment applications. Investor is required to fill the deposit slip with the scheme name and the amount of cash to be deposited. The contents of the deposit slip shall be verified by the officials of such ISCs.
- b. Investors must then deposit the cash along with the verified deposit slip at any of the nearest designated branches of the Bank accepting cash under this facility.
- c. Acknowledged copy of the deposit slip received from the Bank along with the Scheme application form / transaction slip shall be submitted at the same ISC (i.e. from where the deposit slip was obtained) for time stamping. Investors must mention their name and folio number/ application number on the reverse of the Bank-acknowledged deposit slip. The pay-out bank account details are also required to be specified in the application form by the investors.

Other conditions:

- a. Maximum amount of subscription: If the amount of subscription (together with the investments already made through cash in the same financial year) exceeds Rs. 50,000/- the application will be rejected.
- b. Payment of proceeds pertaining to redemptions, dividend, etc. with respect to Cash Investments shall be made only through the pay-out bank account mentioned in the application form or as registered in the folio (as applicable) as Bank mandate.

The AMC / Trustee reserves the right to reject any application for Cash Investment and /or reverse allotment of units of those investors who undertook Cash Investment under the following circumstances:

- i) If the application Form is not in order;
- ii) If the ISC verified and Bank acknowledged deposit slip is not attached to the applications Form;
- iii) If authorized cash collecting Bank informs that stale or uncurrent or spurious or imperfect or otherwise unacceptable notes / coins were furnished to them; and
- iv) for any other reasons as deemed fit by the AMC/ Fund/ Trustee. The AMC / Trustee shall not be liable for any losses suffered by the investors on account of rejection of application forms or reversing allotment of units for the reasons stated above or on account of mishandle of Cash either by the investor or his representative.

- Repayment in the form of redemptions, dividend, etc. with respect to investments shall be paid only through banking channel.
- Following schemes are available for CASH Transaction:
 - 1) LIC MF Banking & PSU Debt Fund
 - 2) LIC MF Debt Hybrid Fund
 - 3) LIC MF Equity Hybrid Fund
 - 4) LIC MF Multi Cap Fund
 - 5) LIC MF Large Cap Fund
 - 6) LIC MF Savings Fund
 - 7) LIC MF Banking and Financial Services Fund
 - 8) LIC MF Children's Gift Fund
 - 9) LIC MF Infrastructure Fund
 - 10) LIC MF Large & Mid Cap Fund

8. Mode of Payment:

The following mode of payment can be used by Resident Investors:

- Electronic Funds Transfer (EFT) over the internet or by way of direct credit/ Real Time Gross Settlement (RTGS)/National Electronic Funds Transfer (NEFT) / IMPS to designated scheme collection account by clearly mentioning the name of the investor and application number in the remark.
- Through MICR cheque / demand draft/ pay order drawn on any bank which is situated at and is member of the Banker's Clearing House /Zone in a city where the application is submitted to a designated Collection Centre. As per SEBI Circular, Demand Draft charges if reimbursed to the unit holders are to be borne by the AMC and not to be charged to the scheme. In order to protect unit holder interest from fraudulent encashment of cheques, the current SEBI Regulations, has made it mandatory for investors to mention in their application/repurchase-redemption request, the bank name and account number of the unit holders. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and or any delay /loss in transit. In the absence of these details, applications are liable for rejection.

- With respect to online transactions, payment can also be made through debit/cards, NEFT, RTGS, UPI.
- In respect of New Fund Offer (NFO) of Schemes/Plan(s) an investor can subscribe to the NFO through Applications Supported by Blocked Amount (ASBA) facility by applying for the Units offered under the Option(s) of the Scheme(s) in the ASBA Application Form and following the procedure as prescribed in the form. For details please refer to the Section "Applications Supported by Blocked Amount (ASBA) facility".

Note: The AMC, at its discretion later, may choose to alter or add other modes of payment.

Additional mode of payment through applications supported by blocked amount (ASBA) facility:

Pursuant to SEBI Circular dated SEBI/IMD/CIR No 18 /198647 /2010 March 15, 2010 and Cir/IMD/DF/6/2010 dated July 28, 2010, an investor can subscribe to the New Fund Offer (NFO) launched on or after October 1, 2010 through ASBA facility by applying for the Units offered under the Option(s)/Plan(s) of the Scheme(s) in the ASBA Application Form and following the procedure as prescribed in the form.

ASBA is an application containing an authorization given by the Investor to block the application money in his specified bank account towards the subscription of Units offered during the NFO of the Scheme of LIC Mutual Fund.

Thus, for an investor who applies through ASBA facility, the application money towards the subscription of Units shall be debited from his specified bank account only if his/her application is selected for allotment of Units.

Benefits of Applying through ASBA facility

- (i) Writing cheques and demand drafts is not required, as investor needs to submit ASBA application form accompanying an authorization to block the account to the extent of application money towards subscription of Units. The balance money, if any, in the account can be used for other purposes by the investors.
- (ii) Release/Unblocking of blocked funds after allotment is done instantaneously.
- (iii) Unlike other modes of payment, ASBA facility prevents the loss of interest income on the application money towards subscription of Units as it remains in the bank account of the investor till the allotment is made.
- (iv) Refund of money to the investors do not arise as the application money towards subscription of Units gets blocked only on the allotment of Units.
- (v) The investor deals with the known intermediary i.e. his/her own bank.
- (vi) The application form is simpler as the application form for ASBA will be different from the NFO application form.

ASBA Procedure

- (a) An Investor intending to subscribe to the Units of the NFO through ASBA shall submit a duly completed ASBA Application Form to a Self-Certified Syndicate Bank (SCSB), with whom his/her bank account is maintained.

(b) The ASBA Application Form towards the subscription of Units can be submitted through one of the following modes

Submit the form physically with the Designated Branches (DBs) of the SCSB (“Physical ASBA”); or

Submit the form electronically through the internet banking facility offered by the SCSB (“Electronic ASBA”).

(c) An acknowledgement will be given by the SCSB in the form of the counter foil or specifying the application number for reference. Such acknowledgement does not guarantee, in any manner that the investors will be allotted the Units applied for.

Note: if the bank account specified in the ASBA Application Form does not have sufficient credit balance to meet the application money towards the subscription of Units, the Bank shall reject the ASBA Application form.

(d) On acceptance of Physical or Electronic ASBA, the SCSB shall block funds available in the bank account specified to the extent of the application money specified in the ASBA Application Form.

(e) The application money towards the Subscription of Units shall be blocked in the account until (i) Allotment of Units is made or (ii) Rejection of the application or (iii) Winding up of the Scheme, as the case may be.

(f) SCSBs shall unblock the bank accounts for (i) Transfer of requisite money to the Mutual Fund / Scheme bank account against each valid application on allotment or (ii) in case the application is rejected.

(g) The list of SCSBs and their DBs where ASBA application form can be submitted is available on the websites of BSE (www.bseindia.com), NSE (www.nseindia.com) and SEBI (www.sebi.gov.in).

Note: No request for withdrawal of ASBA application form made during the NFO Period will be allowed.

Grounds for Technical Rejections of ASBA application forms

ASBA Application Forms can be rejected, at the discretion of Registrar and Transfer Agent of LIC Mutual Fund or SCSBs including but not limited on the following grounds:-

1. Applications by persons not competent to contract under the Indian Contract Act, 1872, including but not limited to minors, insane persons etc.
2. Mode of ASBA i.e. either Physical ASBA or Electronic ASBA, not selected or ticked
3. ASBA Application Form without the stamp of the SCSB.
4. Application by any person outside India if not in compliance with applicable foreign and Indian laws.
5. Bank account details not given/incorrect details given.
6. Duly certified Power of Attorney, if applicable, not submitted along with the ASBA application form.
7. No corresponding records available with the Depositories matching the parameters namely (a) Names of the ASBA applicants (including the order of names of joint holders) (b) DP ID (c) Beneficiary account number or any other relevant details pertaining to the Depository Account.

- **Note for NRI, FII and PIOs**

NRIs and PIOs may purchase units on a repatriation and non-repatriation basis, while FIIs may purchase units only on a repatriation basis. They shall enclose along with the application form a copy of the payment cheque / FIRC / Debit Certificate, to enable the AMC to ascertain the repatriation status of the amount invested. The account type shall be clearly ticked as NRE or NRO or FCNR, to enable the AMC to determine the repatriation status of the investment amount. The AMC and the Registrar may ascertain the repatriation status purely based on the details provided in the application form.

- (i) Repatriation basis

NRIs and PIOs may pay their subscription amounts by way of Indian Rupee drafts purchased abroad, cheques drawn on Nonresident (External) (NRE) Accounts payable at par at Mumbai or Indian Rupee drafts payable at Mumbai and purchased out of funds held in NRE Accounts / FCNR Accounts. FIIs may pay their subscription amounts either by way of inward remittance through normal banking channels or out of funds held in Foreign Currency Accounts or Non-resident Rupee Accounts maintained with a designated branch of an authorized dealer with the approval of RBI. In case Indian Rupee drafts are purchased abroad or from FCNR/ NRE accounts, an account debit certificate from the bank issuing the draft confirming the debit shall also be enclosed. NRIs shall also be required to furnish such other documents as may be necessary and as desired by the AMC/Mutual Fund/Registrar, in connection with the investment in the schemes. Where redemption is received for units held by NRI and requiring credit of redemption proceeds to a NRE account, the fund may reject the redemption if the necessary documents like FIRC evidencing payment of subscription of units through NRE account are not provided by the investor.

- (ii) Non-Repatriation basis

NRIs and PIOs may pay their subscription amounts by cheques/demand drafts drawn out of Non-Resident Ordinary (NRO) accounts/Non-Resident Special Rupee (NRSR) accounts and Non-Resident Non-Repatriable (NRNR) accounts payable at the city where the application form is accepted. The Trustees shall have absolute discretion to reject any application for purchase of Units, if in its opinion, increasing the size of the Unit Capital is not in the general interest of the Unit Holders, or if for any other reason it does not believe it would be in the best interest of the Scheme or its Unit Holders to accept such an application.

- **Application under (POA) Power of Attorney /Body Corporate/Registered Society/Trust/Partnership**

In case of an application under POA or by a Limited Company, Body Corporate, Registered Society Trust or Partnership etc., the relevant POA or the Resolution or Authority to make the application as the case may be, or duly certified copy thereof, along with the Memorandum and Articles of Association /Bye-laws must be lodged at the authorized center along with the application form.

Presently, our Branch offices and R&T Agent are the only authorized Centers for purchase / redemption. However, the AMC may at their sole discretion add or delete one or more collection centers at a later date if they so find necessary.

Note: The application form no., name of the applicant or PAN number should be noted on the reverse of all Cheques and Bank Drafts accompanying the application form.

- **Right to Accept or Reject Applications**

Allotment is assured to all applicants provided the applications are complete in all respects and are in order.

Applications received for allotments of units under the scheme, which are not complete in any respect, are liable to be rejected and LIC Mutual Fund/AMC would not be responsible for consequences thereof. LIC Mutual Fund/AMC reserves, at their sole and absolute discretion, the right to accept or reject any application in whole or in part without assigning any reason.

- **Refunds**

Where an application is rejected in full or in part, application money received will accordingly be refunded to the applicant within five business days from the closure of the New Fund offer period. No interest will be paid on the amounts so refunded.

In case the Fund does not receive the minimum targeted subscription during the New Fund Offer period, the subscription money received will be refunded within a period of five business days from the close of the New Fund Offer period. The interest earned upon Investments of NFO proceeds in CBLO shall be returned to the Investor. If refunds are not made for any reason within the above period, interest at 15% p.a. will be paid on the amounts due for refund.

- **Switch Over Facility**

Facility of switchover to other LIC Mutual Fund schemes are available on all Business Days. Between two plans of the scheme switch over will be allowed at the NAV.

The switch over will be affected by way of redemption of units and a reinvestment of the redemption proceeds in another scheme(s).

To affect a switch over, a unit holder must provide clear instructions. A separate form should be filled for effecting switch over and sent to the authorized center. A fresh statement of account reflecting the new holdings will be issued by the Fund.

- **RESTRICTION ON ACCEPTANCE OF THE THIRD-PARTY PAYMENTS FOR SUBSCRIPTION OF UNITS OF SCHEMES OF LIC MUTUAL FUND**

LIC Mutual Fund Trustee Pvt. Ltd., the Trustee to LIC Mutual Fund, had decided to restrict the acceptance of Third Party Payments with effect from 15th November, 2010 (Effective Date), in order to comply with AMFI (Association of Mutual Funds in India) best practices guidelines on 'Risk mitigation process against Third-Party Instruments for mutual fund subscriptions' and also to enhance compliance with 'Know Your Customer (KYC)' norms under the Prevention of Money Laundering Act, 2002 ((PMLA).

- (i) LIC Mutual Fund Asset Management Ltd. ("AMC") / LIC Mutual Fund ("Mutual Fund"), shall not accept applications for subscription of units accompanied with Third Party Payments from the Effective Date, except in cases as enumerated in para 2.A below.

When payment is made through instruments issued from an account other than that of the beneficiary investor, the same is referred to as **Third Party Payment**. It is clarified that in case of payments from a joint bank account, the first holder of the mutual fund folio must be one of the joint holders of the bank account from which payment is made.

- AMC shall not accept subscriptions with Third Party Payments except in the following exceptional cases: -
Payment by Parents/Grand-Parents/Related Persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding INR 50,000/- (each regular purchase or per SIP installment). However, this restriction will not be applicable for payment made by a guardian whose name is registered in the records of Mutual Fund in that folio.
Payment by Employer on behalf of employee under Systematic Investment Plans through Payroll deductions.
Custodian on behalf of an FII or a client.
- Investors submitting their applications through the above mentioned 'exceptional cases' are required to comply with the following, without which applications for subscription of units will be rejected / refunded / not processed: -
Mandatory KYC for all investors (guardian in case of minor) and the person making the payment i.e. Third Party. In order for an application to be considered as valid, investors and the person making the payment should attach their valid KYC Acknowledgement Letter to the application form.

Submission of a separate, complete and valid 'Third Party Declaration Payment Form' from the investors (guardian in case of minor) and the person making the payment i.e. Third Party. The said Declaration Form shall, inter-alia, contain the details of the bank account from which the payment is made and the relationship with the investor(s). For Declaration Form, please contact any of Investor Service Centers (ISCs) of LIC Mutual Fund or visit our website www.licmf.com.

- (ii) The Mutual Fund shall adopt the following process to ascertain whether payments are Third Party Payments and investors are therefore required to comply with the following:

a) Source of Funds – if paid by cheque

An investor at the time of his/her purchase must provide the details of his pay-in-bank account (i.e. account from which a subscription payment is made) and his pay-out bank account (i.e. account into which redemption / dividend proceeds are to be paid).

Identification of third party cheques by the AMC / Mutual Fund / Registrar & Transfer Agent (RTA) will be on the basis of either matching of pay-in bank account details with pay-out bank account details or by matching the bank account number / name / signature of the first named applicant / investor with the name / account number / signature available on the cheque. If the name is not pre-printed on the cheque or signature on the cheque does not match, then the first named applicant / investor should submit any of the following documents.

- (i) a copy* of the bank pass-book or a statement of bank account having the name and address of the account holder and account number.

(ii) a letter ** (in original) from the bank on its letterhead certifying that the investor maintains an account with the bank, along with information like bank account number, bank branch, account type, the MICR Code of the branch & IFSC Code (where available)

* Investors should also bring the original documents along with the documents mentioned in (i) above to the ISCs of LIC Mutual Fund for verification purpose to the satisfaction of the AMC / Mutual Fund / RTA and the same will be returned to the investors after due verification.

** In respect of (ii) above, it should be certified by the bank manager with his / her full signature, name, employee code, bank seal and contact number.

Investors should note that where the bank account numbers have changed on account of the implementation of the core banking system at their banks, any related communication from the bank towards a change in bank account number should accompany the application form for subscription of mutual fund units.

The Mutual Fund has also provided a facility to the investors to register multiple bank accounts. By registering multiple bank accounts, the investors can use any of the registered bank accounts to receive redemption / dividend proceeds. These account details will be used by the AMC / Mutual Fund / RTA for verification of instruments used for subscription to ensure that third party payments are not used for mutual fund unit subscription, except where permitted in 2.A above. Investors are requested to avail the facility of registering multiple bank accounts by filling in the Application Form for registration of Multiple Bank Accounts available at Investor Service Centers (ISCs) of LIC Mutual Fund or visit our website www.licmf.com

b) Source of funds – if funded by pre-funded instruments such as Pay Order, Demand Draft, Banker’s Cheque etc

Investors should attach a Certificate (in original) from the issuing banker with the purchase application, stating the Account holder’s name and the Account Number which has been debited for issue of the instrument. The said certificate should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number. The account number mentioned in the Certificate should be a registered bank account or the first named applicant / investor should be one of the account holders to the bank account debited for issue of such instruments

c) Source of funds – if paid by a pre-funded instrument issued by the Bank against Cash

The AMC/ Mutual Fund / RTA will not accept any purchase applications from investors, if accompanied by a pre-funded instrument issued by a Bank against cash for investments of INR50,000/- or more. The investor shall submit a Certificate (in original) obtained from the bank giving name, address and PAN (if available) of the person who has requested for the payment instrument. The said Certificate should be duly certified by the bank manager with his / her full signature, name, employee code, bank seal and contact number. The AMC / Mutual Fund / RTA will check that the name mentioned in the Certificate matches with the first named investor.

d) Source of funds – if paid by RTGS, Bank Account-to-Account Transfer, NEFT, ECS etc.

Investors shall attach to the purchase application form; an acknowledgement copy of the instruction to the bank also stating the account number debited. The account number mentioned on the transfer instruction copy should be a registered bank account or the first named applicant / investor should be one of the account holders to bank account debited for such electronic transfer of funds.

The above broadly covers various modes of payment and is not a complete list. The same is only indicative in nature and not exhaustive. Any other method of payment introduced in future by the mutual fund will also be covered under the aforesaid provisions.

- (iii) Investors transacting through Stock Exchange Platforms for schemes which are unlisted and Stock Exchange(s) for the listed schemes will have to comply with norms / rules as prescribed by Stock Exchange(s). In case the application for subscription does not comply with the above provisions, the AMC/Trustee retains the sole and absolute discretion to reject / not process such application and refund the subscription money and shall not be liable for any such rejection.

The Trustee reserves the right to modify the aforesaid requirements at their sole discretion. All other terms and conditions of the Statement of Additional Information will remain same.

BANK DETAILS:

1) Pay - Out Bank Account Details : An investor at the time of his/her purchase of units must provide the details of his / her pay-in (i.e. account from which a subscription payment is made) and payout bank account (i.e. account into which redemption / dividend proceeds are to be paid).

2) Change in Bank Details: In order to protect the interest of Unit holders from fraudulent encashment of redemption / dividend cheques, SEBI has made it mandatory for investors to provide their bank details viz. name of bank, branch, address, account type and number, etc. to the Mutual Fund. Applications without complete bank details shall be rejected. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques / warrants and / or any delay / loss in transit.

Unit holders are free to change their bank details registered with the Mutual Fund subject to adherence with the following procedure:

(i). Unit holders will be required to submit a valid request for a change in bank account details along with a cancelled original cheque leaf of the new bank account as well as the bank account currently registered with the Mutual Fund (where the account number and first unit holder name is printed on the face of the cheque). Unit holders should without fail cancel the cheque and write 'Cancelled' on the face of it to prevent any possible misuse.

(ii). Where such name is not printed on the original cheque, the Unit holder may submit a letter from the bank on its letterhead certifying that the Unit holder maintains/maintained an account with the bank, the bank account information like bank

account number, bank branch, account type, the MICR code of the branch & IFSC Code (where available).

(iii). In case of non-availability of any of these documents, a copy of the bank pass book or a statement of bank account having the name and address of the account holder and account number not older than 3 months.

(In respect of (ii) and (iii) above, they should be certified by the bank manager with his / her full signature, name, employee code, bank seal and contact number)

(iv) Unit holders may also bring a copy of any of the documents mentioned in (iii) above along with the original documents to the ISCs/Official Points of acceptance of LIC Mutual Fund. The copy of such documents will be verified with the original documents to the satisfaction of LIC Mutual Fund. The originals documents will be returned across the counter to the Unit holder after due verification. In the event of a request for change in bank account information being invalid /incomplete / not satisfactory in respect of signature mismatch/document insufficiency/not meeting any requirements more specifically as indicated in clauses (i) - (iv) above, the request for such change will not be processed. Redemptions / dividend payments, if any, will be processed and the last registered bank account information will be used for such payments to Unit holders. Unit holders may note that it is desirable to submit their requests for change in bank details at least 7 days prior to date of redemption / dividend payment, if any. Further, in the event of a request for redemption of units being received within seven days of a request for change in bank account details, the normal processing time as specified in the Scheme Information Document, may not necessarily apply, however it shall be within the regulatory limits. Unit holders are advised to provide their contact details like telephone numbers, mobile numbers and email IDs to LIC Mutual Fund in writing.

The Trustee reserves the right to amend the aforesaid requirements.

3. Multiple Bank Account Registration: The Mutual Fund has also provided a facility to the investors to register multiple bank accounts. By registering multiple bank accounts, the investors can use any of the registered bank accounts to receive redemption / dividend proceeds. These account details will be used by the AMC/ Mutual Fund /R&TA for verification of instrument used for subscription to ensure that a third-party payment instrument is not used for mutual fund subscription, except as cases mentioned above. Investors are requested to avail the facility of registering multiple bank accounts by filling in the 'Multiple Bank Accounts Registration Form' available at our Investor Service Centers (ISCs) or on our website www.licmf.com.

4. Indian Financial System Code (IFSC): IFSC is a 11-digit number given by some of the banks on the cheques. IFSC will help to secure transfer of redemption and dividend payouts via the various electronic modes of transfers that are available with the banks.

Pursuant to the AMFI Circular No. 135/BP/20/10-11 dated February 9, 2011 and No.135/BP/22/10-122 dated March 31, 2011 on implementation of standardized procedures with regard to investments by minor and change in status of minor on attaining majority, change in guardian, registration of nominee and transmission of units, the following changes is applicable to schemes of LIC Mutual Fund with effect from April 1, 2011.

I) “On Behalf of Minor” Accounts

- 1) The minor shall be the first and the sole holder in an account. There shall not be any joint accounts with minor as the first or joint holder.
- 2) Guardian in the folio on behalf of the minor should be a natural guardian (i.e. father or mother) or a court appointed legal guardian and should mandatorily submit requisite documentation to the AMC evidencing the relationship/status of the guardian.
- 3) Date of Birth of the minor along with photocopy of supporting documents viz. Birth Certificate, School Leaving Certificate, Passport or any other document evidencing the date of birth of the minor should be mandatorily provided while opening the account.

II) Minor Attaining Majority – Status Change

- 1) The AMC/Registrar will send advance notice to the registered correspondence address advising the guardian and the minor to submit an application form along with prescribed documents to change the status of the account from “minor” to “major”.
- 2) The guardian cannot undertake any financial and non-financial transactions including fresh registration of Systematic Investment Plan (SIP), Systematic Transfer Plan (STP) and Systematic Withdrawal Plan (SWP) after the date of the minor attaining majority till the time the above application form along with the prescribed documents are received by the AMC / Registrar.
- 3) In case of existing standing instructions like SIPs, SWPs and STPs registered prior to the minor attaining majority, the AMC / Registrar shall send an advance notice to the registered correspondence address advising the guardian and the minor that the existing standing instructions will continue to be processed beyond the date of the minor attaining majority till the time a instruction from the major to terminate the standing instruction is received by the mutual fund along with the prescribed documents. Such instructions to terminate the standing instruction shall be terminated within 30 days from the date of receiving the instruction.

III) Change in Guardian

In case of change in guardian, the new guardian must be a natural guardian (i.e. father or mother) or a court appointed legal guardian and such guardian shall mandatorily submit prescribed documentation to the AMC evidencing the relationship/status of the guardian, proof of KYC compliance, attestation from the bank maintaining the minor’s account where the new guardian is registered as the guardian etc.

IV) Nomination Facility

- 1) Nomination will be mandatory for new folio(s)/accounts opened by individuals with sole/single holding
- 2) Investors who do not wish to nominate must sign separately confirming their non-intention to nominate.
- 3) In case of joint holdings, in a folio, all joint holders will be required to sign the request for both nomination/cancellation of nomination, irrespective of the mode of holding. Nomination form cannot be signed by the Power of Attorney (PoA) holders.
- 4) The facility to nominate will not be available in a folio held on behalf of a minor.

Deduction of Transaction Charges for investments through Distributor / Agents

SEBI has allowed Asset Management Companies (AMCs) to deduct transaction charges per subscription of INR 10,000/- and above, vide its Circular No. Cir/IMD/DF/13/2011 dated August 22, 2011.

In accordance with said circular, the AMC/Mutual Fund shall deduct Transaction Charges on purchase / subscription received from first time mutual fund investor and investor other than the first-time mutual fund investor through the distributor / agent (**who have opted to receive the transaction charges**) as under.

(i) First Time Mutual Fund Investor (across Mutual Funds): Transaction charge of INR 150/- for subscription of INR 10,000/- and above will be deducted from the subscription amount and paid to the distributor/agent of the first-time investor and the balance shall be invested.

(ii) Investor other than First Time Mutual Fund Investor: Transaction charge of INR 100/- for subscription of INR 10000/- and above will be deducted from the subscription amount and paid to the distributor/agent of the investor and balance shall be invested.

However, transaction charges in case of investments through Systematic Investment Plan (SIP) shall be deducted only if the total commitment (i.e. amount per SIP installment x No. of installments) amounts to INR 10,000/- or more. The Transaction Charges shall be deducted in 3-4 installments.

(iii) Transaction Charges shall not be deducted for:

- (a) Purchase / Subscription for an amount less than INR 10, 000/-
- (b) Transaction other than purchase/subscription relating to new inflows such as Switch/STP/DTP etc.
- (c) Purchases/subscriptions made directly with the Fund (i.e. not through any distributor/agent).
- (d) Purchases/subscriptions carried out through stock exchange platform(s) added from time to time.

Consolidated Account Statement:

With a view to create one record for all financial assets of every individual, SEBI vide its circular no. CIR/MRD/DP/31/2014 dated November 12, 2014 enabled a single consolidated view of all the investments of an investor in Mutual Funds (MF) and securities held in demat form with the Depositories. Accordingly, the following shall be applicable for unitholders having a Demat Account:

- Investors having MF investments and holding securities in Demat account shall receive a single Consolidated Account Statement (CAS) from the Depository.
- Consolidation of account statement shall be done based on Permanent Account Number (PAN). In case of multiple holding, it shall be PAN of the first holder and pattern of holding. The CAS shall be generated monthly.

- If there is any transaction in any of the Demat accounts of the investor or in any of his mutual fund folios, depositories shall send the CAS within ten days from the month end. In case, there is no transaction in any of the mutual fund folios and demat accounts then CAS with holding details shall be sent to the investor on half yearly basis.
- In case an investor has multiple accounts across two depositories, the depository with whom the account has been opened earlier will be the default depository. The dispatch of CAS by the depositories would constitute compliance by the AMC/ the Fund with the requirement under Regulation 36(4) of SEBI (Mutual Funds) Regulations.

The unitholders who do not have Demat account shall continue to receive the Consolidated Account Statements (CAS) as per the existing practice.

Explanation: - the word 'transaction' shall include purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions.

Know Your Customer (KYC):

Know Your Client ("KYC") formalities under the Prevention of Money laundering Act, 2002 ("PMLA") and the related guidelines issued by SEBI, are to be completed by all investors, (including Power of Attorney holders and guardian in case of a minor) intending to invest any amounts in units of the Mutual fund. Investments through micro investments, i.e. lump sum investment (fresh purchase & additional purchase) for amount less than Rs. 50,000/- (Rupees fifty thousand) or Micro SIP installments by an investor in rolling 12 months period or financial year i.e. April to March less than Rs. 50,000/- (Rupees fifty thousand) and investors residing in state of Sikkim are exempt from the requirement of PAN. The exemption for Micro investments will be applicable only to investments by individuals (Including Non-Resident Indian (NRIs), Joint holders, minors acting through guardian and sole proprietary firms). Person of Indian Origin (PIOs), Hindu Undivided Family (HUFs), Qualified Foreign Investor (QFIs) and other categories of investors will not be eligible for this exemption.

To bringing about uniformity in the Know Your Client (KYC) requirement and a mechanism for centralization of the KYC records in the securities market, the SEBI (KYC Registration Agency) Regulations, 2011 mandated that an investor who deals with any of the SEBI registered intermediaries ("Intermediary/ ies"), viz. stock brokers, depository participants (DPs), Mutual funds, Portfolio Managers, etc. shall be required to fill the common KYC form and submit the same along with the specified documents at the account opening stage with any of the intermediaries.

The Mutual fund/ Registrar and transfer Agent (RTA) shall perform the KYC of its new investors. The KYC process is a one-time exercise across all intermediaries in the securities market. Investors may however, note that the fund reserves the right to conduct enhanced KYC of its investors as may be commensurate with their respective risk profiles.

SEBI has mandated that In Person Verification (IPV) of clients be carried out by the Intermediaries through a process specified in this behalf. The IPV shall be a one-time process and IPV carried out by a client with any of the intermediaries shall be relied upon by the all the other intermediaries with respect to the dealing of such client with such other intermediaries. With respect to the Mutual fund investors, additionally, IPV carried out by the Know Your Distributor (KYD) compliant

Distributors who hold valid certifications issued by the National Institute of Securities Market (NISM)/Association of Mutual funds in India (AMFI).

SEBI vide circular no. CIR/MIRSD/ 66 /2016 dated July 21, 2016 read along with SEBI Circular no. CIR/MIRSD/120 /2016 dated November 10, 2016, has introduced Central KYC Records Registry (CKYCR). Further, AMFI vide circular dated December 22, 2016 has prescribed new CKYC forms which shall be applicable for prospective customers.

Accordingly, with effect from February 1, 2017, any new customer who has not done KYC earlier shall fill the new CKYC KRA-KYC form. If such new customer wishing to invest and get KYC done has filled up old KRA KYC form, such customer would also have to fill a Supplementary CKYC Form or fill the new CKYC-KRA KYC form. The forms are available on the website of the fund, viz. www.licmf.com and at the official points of acceptance of transactions of the AMC. The KYC requirements shall be governed by SEBI Circulars/ notifications and AMFI Guidelines which may change from time to time.

IV. RIGHTS OF UNITHOLDERS OF THE SCHEME

1. Unitholders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be dispatched within 30 days of the declaration of the dividend. Consolidated Account Statement ('CAS') at mutual fund industry level for each calendar month will be issued on or before tenth day of succeeding month to all unit holders having financial transactions and who have provided valid Permanent Account Number (PAN). For folios not included in the CAS, the AMC shall issue monthly account statement to the unit holders, pursuant to any financial transaction done in such folios; the monthly statement will be send on or before tenth day of succeeding month. In case of a specific request received from the unit holders, the AMC shall provide the account statement to the unit holder within 5 business days from the receipt of such request. Provided if a Unitholder so desires the Mutual Fund shall issue a Unit Certificate (non-transferable) within 30 days of the receipt of request for the certificate.
3. The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the Redemption request.
4. The Trustee is bound to make such disclosures to the Unitholders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
5. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unitholders of the Scheme.
6. 75% of the Unit holders of a Scheme can pass a resolution to wind-up a Scheme.
7. The Trustee shall obtain the consent of the Unit holders:
 - whenever required to do so by SEBI, in the interest of the Unit holders
 - whenever required to do so if a requisition is made by three-fourths of the Unit holders of the Scheme
 - when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
8. The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless:

- a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.
- In specified circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of postal ballot or such other means as may be approved by SEBI.

V. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

PROCEDURE FOR TAKING INVESTMENT DECISIONS

Background

The Eighth Schedule to the Securities and Exchange Board of India (SEBI) Mutual Funds Regulations, 1996, together with various circulars issued by SEBI from time to time, prescribed the norms, methodology and guiding principles for valuation of investments held by Mutual Fund schemes. Valuation of securities was done in conformity with these valuation norms.

SEBI, vide Gazette Notification No. LAD-NRO/GN/2011-12/38/4290 dated February 21, 2012, has brought about certain amendments to Regulations 25 and 47 and to the Eighth Schedule to the Securities and Exchange Board of India (SEBI) Mutual Funds Regulations, 1996. The key highlights of these amendments are as below:

- a. The valuation of investments should be based on the principles of fair valuation i.e. valuation shall be reflective of the realizable value of the securities/assets. The valuation should be done in good faith and in a true and fair manner, through appropriate valuation policies and procedures.
- b. The policies and procedures should identify the methodologies that will be used for valuing each type of security / asset held by the mutual fund schemes.
- c. Investment in new type of securities/assets by the mutual fund schemes should be made only after establishment of the valuation methodologies for such securities with the approval of the Investment and Valuation Committee.
- d. The assets held by mutual funds should be consistently valued according to policies and procedures.
- e. The valuation policies approved by the board of the Asset Management Company & Trustee Company should seek to address conflict of interest.
- f. The guidelines and procedures should describe the process to deal with exceptional events, where market quotations are no longer reliable for a particular security.
- g. The policies need to be approved by the Board of the Asset Management Company & Trustee Company.
- h. The valuation policies need to be periodically reviewed to ensure appropriateness and accuracy of the methodologies used and its effective implementation in valuing the securities/assets. Board of the Trustee Company and Board of the Asset Management Company should be updated on the outcome of the review, at appropriate intervals.
- i. The valuation policies, guidelines and procedures may be reviewed at least once in a financial year, by an independent auditor, to assess and confirm their continued appropriateness.

- j. The Asset Management Company and the sponsor of the mutual fund will be liable to compensate the affected investors and/or the scheme for any unfair treatment to any investors as a result of inappropriate valuation.

While the amended regulations mandate AMCs to establish valuation policies and procedures, it also allows the AMC to deviate from these policies and procedures, where it is necessary and expedient to do so, to ensure a true and fair valuation. Accordingly, in the event of a conflict between the principles of fair valuation and valuation guidelines, the principles of fair valuation shall prevail. The rationale for deviation along-with details of such information about the security (ISIN, issuer name, rating etc), price at which the security was valued , impact of such deviation on Scheme NAV (in amount and percentage terms) shall be reported to the Board of AMC and Trustees and relevant disclosures to be made on AMC Website and monthly & half-yearly portfolio statements for the relevant period along with an exact link to the AMC Website wherein the details of all such instances of deviation are available.

Valuation Methodology

The standard valuation methodology for valuing each type of security/asset is explained in Annexure 1.

The methodology adopted for valuation of securities/assets is drawn in conformance with the principles of fair valuation and the SEBI Valuation Guidelines and valuation is done in good faith, in a true and fair manner, to reflect the realizable value of the security/asset.

Any changes to the valuation policy, procedures and methodology set out in Annexure I, would be progressive and prospective, with a view to fine-tune the valuations, so as to align with the guiding principles of fair valuation.

All assets held by the Fund shall be consistently valued according to the defined valuation methodology. Where it is observed that the methodology as per Annexure 1 does not lead to fair valuation of securities / assets, the Investment and Valuation Committee may, on a prospective basis, deviate from the defined methodology and adopt alternate procedures/methods to arrive at the fair value. The rationale for any such deviations would be recorded in writing and placed before the Board of Directors of the Trustee Company and the Asset Management Company and appropriate disclosures to the investors would be made.

Investments in any new type of securities/assets by the mutual fund scheme would be made only after establishment of the valuation methodologies for such securities/ assets, with the approval of the Investment and Valuation Committee.

Annexure-1

Security Valuation & Interscheme Transfer Policy

1. Valuation of Equity and Equity related instruments

- Equity Shares
- Preference Shares
- Equity Warrants
- Rights entitlement / partly paid up rights shares
- Convertible debentures

Valuation of Traded Equity and Equity related Instruments

Traded securities are to be valued at the last quoted closing price on the exchange in which the security is listed.

- Where the security is listed on more than one exchange, the valuation will be at the last quoted closing price on primary exchange. (Primary exchange being NSE).
- When on a particular valuation day, a security has not been traded on the primary stock exchange, the value at which it is traded on Secondary stock exchange (BSE) will be used.
- When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the primary stock exchange or Secondary stock exchange as the case may be on the earliest previous day may be used provided such date is not more than 30 days prior to the valuation date.
- For valuation of securities held by Exchange Traded Funds (ETFs) and Index funds which are benchmarked to indices relating to a particular stock exchange, the primary stock exchange will be that exchange, e.g. for an Index Fund -Sensex or Sensex ETF, the primary stock exchange will be the BSE.

Valuation of Thinly traded /Non- Traded/unlisted Equity and Equity Related Instruments

When trading in a security in a month is both less than Rs.5 lakhs and the total volume is less than 50,000 shares, the security shall be considered as thinly traded security. In order to determine whether a security is thinly traded or not, the volumes traded in NSE and BSE (combined) are considered.

When a security is not traded on any stock exchange for a period of 30 days prior to the valuation date, the security must be treated as a "non-traded" security.

Thinly-traded/ Non-traded and Unlisted Securities are valued in "good faith" in accordance with SEBI norms as prescribed below:

- **Valuation of Thinly-traded/ Non-traded Equity Shares:**

Based on the latest available Balance Sheet, Net Worth shall be calculated as follows:

- Net Worth per share = [Share Capital+ Reserves (excluding Revaluation Reserves) – Miscellaneous expenditure and Debit Balance in Profit and Loss Account] / Number of Paid up Shares.
- Average Capitalization rate (P/E ratio) for the industry based upon either BSE or NSE data (Source: Capital Line and Ace Equity) shall be taken and discounted by 75 per cent i.e. only 25 per cent of the industry average P/E shall be taken as Capitalization rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts shall be considered for this purpose.
- The value as per the Net Worth value per share and the capital earning value

calculated as above shall be averaged and further discounted by 10 per cent for illiquidity so as to arrive at the fair value per share.

- In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- In case where the latest Balance Sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.
- In case an individual security accounts for more than 5 per cent of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security.

- **Valuation of Unlisted Equity Shares:**

Based on the latest available audited balance sheet, Net Worth shall be calculated as the lower of item (1) and (2) below:

- Net Worth per share = [Share Capital + Free Reserves (excluding revaluation reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] / Number of Paid up Shares.
- After taking into account the outstanding warrants and options, Net Worth per share shall again be calculated and shall be = [Share Capital + consideration on exercise of Option and/or Warrants received/receivable by the Company + Free Reserves (excluding Revaluation Reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] / Number of Paid up Shares plus Number of Shares that would be obtained on conversion and/or exercise of Outstanding Warrants and Options.
- The lower of (1) and (2) above shall be used for calculation of Net Worth per share.
- Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data ((Source: Capital Line and Ace Equity)) shall be taken and discounted by 75 per cent. i.e. only 25 per cent of the industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts will be considered for this purpose.
- The value as per the Net Worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15 per cent for illiquidity so as to arrive at the fair value per share.

The above valuation methodology for calculating fair value shall be subject to the following conditions:

- All calculations shall be based on audited accounts.
- In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- In case where the latest Balance Sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.
- If the Net Worth of the company is negative, the share would be marked down to zero.
- In case an individual security accounts for more than 5 per cent of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security.

- **Valuation of Suspended Equity Shares**

In case trading in an equity security is suspended up to thirty days, then the last traded price shall be considered for valuation of that security. If an equity security is suspended for more than thirty days, valuation methodology laid down for thinly traded / non-traded equity will be used for calculating the fair value.

- **Valuation of Equity Warrants**

In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. The value of the later instrument can be adopted after an appropriate discount of the non-tradability of the instrument during the period preceding the conversion while valuing such instruments.

- **Valuation of Rights entitlement:**

Until they are traded, the value of the “rights” shares should be calculated as:

$$V_r = (P_{ex} - P_{of})$$

Where

V_r = Value of rights

P_{ex} = Ex-rights price

P_{of} = Rights Offer Price

Where the rights are not treated pari passu with the existing shares, suitable adjustment should be made to the value of rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights can be valued at the renunciation value.

- **Valuation of Convertible debentures:**

In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component should be valued on the same basis as would be applicable to a debt instrument. The convertible component should be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari passu with an existing instrument which is traded, the value of the later instrument can be adopted after an appropriate discount of the non-tradability of the instrument during the period preceding the conversion while valuing such instruments, the fact whether the conversion is optional should also be factored in.

- **Valuation of Non-Traded Preference Shares:**

Intrinsic value will be considered.

- **Valuation of Equity shares on Demerger:**

Where at least one resultant company is not immediately listed, valuation price will be worked out by using cum-price, before demerger reduced for quoted weighted average price of the listed resultant company(s). OR In case of a demerger pending listing, the resultant company/ies shall be valued at the intrinsic value arrived at on the date of corporate action.

2. Valuation of Debt and Money market Instruments

Debt and Money market Instruments includes the following Instruments.

- Central Government Securities
- State Development Loans
- Non-Convertible Debentures/Bonds/Floating Rate Note
- Zero Coupon /Deep discount Bonds
- Treasury Bills
- Certificate of deposits
- Commercial paper
- Cash Management Bills
- Bill Rediscounting(BRDS)
- Tri-party repo (TREPS) /Reverse Repo

- Fixed deposits

Securities purchased on primary market will be valued from Settlement date.

Valuation of Debt and Money market Instruments (other than TREPS/Reverse Repo & Fixed deposits) with Residual maturity more than 30 days

It would be valued at the average of prices provided by the agencies nominated by AMFI (currently CRISIL and ICRA.)

For new securities or first purchase, for which prices are not available in the valuation files provided by the agencies, such securities will be valued based on the weighted average price of own trades in case of coupon bearing securities. Similarly discounted instruments would be valued at their weighted average yield computed on the basis of own trades only till the prices are provided by CRISIL and ICRA.

In case put or call option is exercised and is not factored in the files provided by ICRA and CRISIL, security will be amortized to the nearest Put/call date & valuation prices as provided by independent agencies shall be ignored. It is clarified here that if the put / call option is not exercised, we shall continue to follow the average security level valuation as provided by CRISIL / ICRA.

Valuation of Debt and Money market Instruments (other than TREPS/Reverse Repo & Fixed deposits) with residual maturity upto 30 days

To be amortised on Straight Line Basis to maturity from cost or last valuation price whichever is more recent, provided the amortised price remains within the threshold of $\pm 0.025\%$ of the reference price (The 'reference price' shall be the average of the security level price of such security as provided by the agencies nominated by AMFI currently CRISIL and ICRA). In case the difference between the reference price and the amortized price is within $\pm 0.025\%$, the security will be continued to be valued through amortization. However, if on any day the price difference is more than $\pm 0.025\%$, the valuation of the security will be adjusted so as to bring the difference within the threshold of $\pm 0.025\%$. In case of subsequent trades by the fund in the same security, the valuation will reflect the most recent trade as long as the trade is of market lot (Rs.5 crore or more). The security amortised to maturity with such amortised prices to be in line with $\pm 0.025\%$ of the reference price as above.

For new securities or first purchase, for which prices are not available in the valuation files provided by the agencies, such securities will be valued based on the weighted average price of own trades in case of coupon bearing securities. Similarly discounted instruments would be valued at their weighted average yield computed on the basis of own trades only till the prices are provided by CRISIL and ICRA.

Valuation of Tri-party Repo (TREPS)/Reverse Repo & Fixed Deposits

Tri-party Repo (TREPS)/ Reverse Repo and Fixed Deposits will be valued at cost plus accruals / amortisation basis.

Valuation of Non-investment grade securities (money market and debt securities)

In case long-term rating of an instrument falls below BBB- or if its short-term rating falls below A3, the security gets classified as non-investment grade security. Such securities would be valued at average of prices provided by rating agencies (Currently, Crisil & ICRA).

Till such time the valuation agencies compute the valuation of money market and debt securities classified as below investment grade, such securities shall be valued on the basis of indicative haircuts provided by these agencies, immediately after such credit event.

In case during the interim period between date of credit event and the receipt of valuation price from the valuation agencies, AMCs shall consider such traded price, if any (subject to threshold

of minimum size of the trade as determined by the rating agencies) if it is lower than the price post standard haircut, provided by these agencies. The said traded prices shall be considered for valuation till the valuation price is determined by the valuation agencies.

3. Valuation of Mutual Fund Units:

Investments in units of mutual fund schemes shall be valued at the net asset value of the respective schemes as on the valuation date.

4. Valuation of Units issued by Real Estate Investment Trust('REITs') & Infrastructure Investment Trust ('InvITs'):

On the valuation day, at the closing price on the National Stock Exchange (NSE)/ Bombay Stock Exchange (BSE) or other stock exchange, where such security is listed. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered. NSE will be the primary stock exchange. In case if it's not traded on the valuation day the valuation committee would recommend appropriate valuation methodology to determine the fair value.

5. Valuation of Futures & Options/Interest Rate Futures

Such Instruments will be valued at the settlement price, published by the exchanges.

6. Non - Performing Assets (NPA)

An "asset" shall be classified as non-performing, if the interest and/or principal amount have not been received or remained outstanding for one quarter from the day such income / installment has fallen due. The valuation of Non- Performing Assets (NPA) would be in accordance with SEBI Circular No. MFD/CIR/8/92/2000 dated September 18, 2000, SEBI Circular No. MFD/CIR/8(a)/104/2000 dated October 03, 2000 and SEBI Circular no. MFD / CIR /14 / 088 / 2001 dated March 28, 2001 as amended from time to time.

7. INTERSCHEME TRANSFER POLICY:

Interscheme Transfers of Equity and Equity Related Instruments

Any Interscheme transfer of Equity and Equity related instruments shall be valued at the prevailing spot market price for the quoted instrument at the time the transfer is effected.

Interscheme Transfers of Debt & Money Market Instruments (excluding Central Government Securities, State Development Loans and Treasury Bills)

Any Interscheme transfer of debt & money market security shall be done at current market prices provided the security satisfies the below mentioned criteria.

- **For securities with maturity > 1 year-** Weighted average yield of same/similar securities traded on public platform prior to the execution of the Interscheme transfer provided there are at least 2 trades aggregating to Rs.25 Crores or more, else previous day valued price to be considered.
- **For securities having maturity upto or equal to 1 year-**The weighted-average yield of same/similar security traded on a public platform, provided there are at least 3 trades aggregating to Rs.100 crores or more, else previous days price to be considered.
- If there is a trade by scheme of LIC Mutual Fund in marketable lot with the outside counter party, the traded price will be considered. Where both the market and the AMC trades qualify, market trade will be considered for the traded price.

For the purpose of valuation, similar security shall be identified by the following means:

Step 1

Same issuer with maturity date within ± 5 days for securities with residual maturity ≤ 91 days and within ± 30 days for securities with residual maturity > 91 days of security shall be considered first. When no such instance is available, then Step 2 shall be followed.

Step 2

Similar security from a different issuer within the same category (PSU Bank, Private Bank or Financial Institution etc.) and similar credit rating (both Short term and long term), with maturity date within ± 5 days for securities with residual maturity ≤ 91 days and within ± 30 days for securities with residual maturity > 91 days, provided the maturity dates are within the same calendar quarter.

Interscheme Transfers of Central Government Securities, State Development Loans and Treasury Bills:

Interscheme transfers of Central Government Securities, State Development Loans shall be done at last traded price on NDS OM (Regular Market).

Inter-scheme transfers of Treasury Bill shall be valued at last traded yield.

VI. TAX & LEGAL & GENERAL INFORMATION

A. Tax Treatment of Investment in Mutual Funds:

- A. **TAXATION ON INVESTING IN MUTUAL FUNDS** The tax benefits set out in the SAI are for general purposes only and do not constitute tax advice. The tax information provided in the SAI does not purport to be a complete description of all potential tax costs, incidence and risks inherent in subscribing to the Units of scheme(s) offered by LIC Mutual Fund ("Fund"). Investors should be aware that the fiscal rules/ tax laws may change and there can be no guarantee that the current tax position as laid out may continue indefinitely. The applicability of tax laws, if any, on Fund/ Scheme(s)/ investments made by the Scheme(s) and/or investors and/ or income attributable to or distributions or other payments made to Unit holders are based on the understanding of the prevailing tax legislations and are subject to adverse interpretations adopted by the relevant authorities resulting in tax liability being imposed on Fund/Scheme(s)/ Unit holders/ Trustee/AMC.

In view of the individual nature of the tax consequences, each investor is advised to consult his/ her own professional tax advisor. Neither the Mutual Fund nor the AMC nor any person connected with it accepts any liability arising from the use of this information. Investors should study this SAI carefully in its entirety and should not construe the contents as advice relating to taxation. Investors are advised to consult their tax, investment and other professional advisors to determine possible tax, financial or other considerations of subscribing to or redeeming Units, before making a decision to invest/ redeem Units.

As per the taxation laws in force and Chapter VII of the Finance (No. 2) Act, 2004 pertaining to Securities Transaction Tax (STT), the tax benefits/ consequences as applicable, to Fund in respect of its Mutual Fund schemes (being an equity-oriented fund/ other than equity-oriented fund/ money market mutual fund/ liquid fund) and investors investing in the Units of its Mutual Fund Schemes are stated as follows:

1. Tax Benefits/Consequences to the Mutual Fund

LIC Mutual Fund (“Fund”) is a Mutual Fund registered with the Securities & Exchange Board of India and hence the entire income of the Mutual Fund will be exempt from income-tax in accordance with the provisions of Section 10(23D) of the Income-tax Act, 1961 (the Act).

The Mutual Fund will receive all income without any deduction of tax at source under the provisions of Section 196(iv) of the Act. On income distribution, if any, made by the Mutual Fund, additional income-tax is payable under section 115R of the Act.

Explanation to section 112A defines “equity-oriented fund” as under —

- (a) “equity-oriented fund” means a fund set up under a scheme of a mutual fund specified under clause (23D) of section 10 and, —
- (i) in a case where the fund invests in the units of another fund which is traded on a recognized stock exchange, —
 - (A) a minimum of ninety per cent of the total proceeds of such fund is invested in the units of such other fund; and
 - (B) such other fund also invests a minimum of ninety per cent of its total proceeds in the equity shares of domestic companies listed on a recognized stock exchange; and
 - (ii) in any other case, a minimum of sixty-five per cent of the total proceeds of such fund is invested in the equity shares of domestic companies listed on a recognized stock exchange.

Provided that the percentage of equity shareholding or unit held in respect of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

The additional income-tax on distribution of income by a money market mutual fund or a liquid fund or any other mutual fund to an individual, Hindu Undivided Family (HUF) shall be payable by the mutual fund at the rate of 25%* and at the rate of 30%* on distribution of income to any other investor. Finance Act, 2018 has amended section 115R of the Act w.e.f. 01.04.2018 i.e. financial year 2018-19 to include that where any income is distributed by a Mutual Fund being, an equity-oriented fund, the mutual fund shall be liable to pay additional income tax at the rate of 10%* on income so distributed.

For determining the tax payable, the amount of distributed income be increased to such amount as would, after reduction of tax from such increased amount, be equal to the income distributed by the Mutual Fund. This will result in increase in effective dividend distribution tax rate.

*** plus, surcharge at the rate of 12% and Health and Education Cess at the rate of 4%.**

A money market mutual fund means a scheme of a mutual fund which has been set up

with the objective of investing exclusively in money market instruments as defined in the SEBI (Mutual Funds) Regulations, 1996 and a liquid fund means a scheme or plan of a mutual fund which is classified by SEBI as a liquid fund in accordance with the guidelines issued by it in this behalf under the SEBI Act, 1992 or regulations made thereunder.

The availability of credit for dividend distribution tax in the hands of the non-resident investor would depend upon the tax laws of the country of which he is a resident and/or the applicable tax treaty of such country with India.

Securities Transaction Tax (STT)

As per Chapter VII of the Finance (No. 2) Act, 2004 pertaining to STT, STT shall be payable, wherever applicable, as follows:

Sr. No.	Taxable Securities Transaction	Rate	Payable by
1.	Purchase/ Sale of equity shares	0.1 per cent	Purchaser / Seller
2.	Purchase of units of equity oriented mutual fund (delivery based) on recognized stock exchange	Nil	Purchaser
3.	Sale of units of equity oriented mutual fund (delivery based) on recognized stock exchange	0.001 per cent	Seller
4.	Sale of equity shares, units of equity oriented mutual fund (non- delivery based)	0.025 per cent	Seller
5.	(a) Sale of an option in securities	0.05	Seller
	(b) Sale of an option in securities, where option is exercised	0.125	Purchaser
	(c) (c) Sale of a futures in securities	0.010 per cent	Seller
6.	Sale of a unit of an equity-oriented fund to the Mutual Fund	0.001 per cent	Seller
7.	Sale of unlisted equity shares under an offer for sale referred to in Section 97(13) (aa) under Chapter VII of the Finance (No. 2) Act, 2004	0.2 per cent	Seller
8.	Sale of unlisted units of business trusts under an offer for sale referred to in Section 97(13) (ab) under Chapter VII of the Finance (No. 2) Act, 2004	0.2 per cent	Seller

*As per Finance Act, 2018, Health and Education Cess is to be applied at 4% instead of "Education Cess at the rate of 2% and Secondary and Higher Education Cess at 1%" on

aggregate of base tax and surcharge.

Rates of Surcharge

• In case of Corporate Assesses:

- i. Where the taxable income exceeds Rs. 1 crore but less than Rs. 10 Crores- At the rate of 7% (Marginal relief in surcharge, if applicable).
- ii. Where the taxable income exceeds Rs. 10 crore - At the rate of 12% (Marginal relief in surcharge, if applicable)

• In case of Non- Corporate Assesseees:

- i. for individuals, HUF, association of persons, body of individuals and artificial juridical person where the taxable income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore, surcharge at 10% and where the taxable income exceeds Rs. 1 crore surcharge at the rate of 15% on tax is applicable
- ii. For firm, co-operative society and local authority at the rate of 12% on tax where the taxable income exceeds Rs. 1 crore.

2. Tax Benefits / Consequences to Unit holders

i. Income-tax All Unit holders

Income received, otherwise than on transfer, in respect of units of a mutual fund would be exempt from tax under Section 10(35) of the Act.

• Capital Gains Tax

Note: Period of holding for short term capital asset in respect of units of equity oriented mutual fund schemes is less than or equal to 12 months and in case of other than equity oriented mutual fund units, it is less than or equal to 36 months. A capital asset other than a short-term capital asset is considered as long-term capital asset.

Foreign Institutional Investors / Foreign Portfolio Investors

Any securities held by Foreign Institutional Investors in accordance with SEBI Regulations, shall be covered within the definition of the term 'Capital Asset' under section 2(14) of the Act.

Long-term capital gains on sale of Units would be taxed at the rate 10% (plus applicable surcharge and Health and Education Cess under Section 115AD of the Act. Such gains would be calculated without indexation of cost of acquisition. Short-term capital gains would be taxed at 30% (plus applicable surcharge and Health and Education Cess) (subject to the concessional rate of tax provided for in Section 111A of the Act, discussed elsewhere in this Statement).

As per Section 111A of the Act, short-term capital gains on sale of units of an equity-oriented fund, where such transaction of sale is chargeable to STT, shall be subject to tax at a rate of 15 % (plus applicable surcharge and Health and Education Cess).

The Finance Act, 2018 has amended the provisions of section 115AD of the Act to withdraw the exemption of section 10(38) of the Act and provided that long-term capital gains arising from transfer of long term capital asset referred to in section 112A of the Act will be liable to tax at the rate of 10% on such income exceeding Rs. 1 lakh.

Capital gain tax

• **Finance Act, 2018 has terminated the exemption** granted under section 10(38) of the Act to long term capital gain arising on transfer of listed shares or units of equity oriented mutual funds or units of business trusts by introduction of section 112A in the Act, discussed elsewhere in this Statement.

Other Unit holders

• Long-term capital gains in respect of Units, other than units of equity oriented mutual fund will be chargeable under Section 112 of the Act, at concessional rate of tax, at 20% (plus applicable surcharge and Health and Education Cess)

• The following amounts would be deductible from the full value of consideration, to arrive at the amount of capital gains: - Cost of acquisition of Units (as adjusted by Cost Inflation Index notified by the Central Government in case of long term capital gain); and - Expenditure incurred wholly and exclusively in connection with such transfer (excluding any sum paid on account of STT).

• In case of resident individuals and HUFs, where taxable income as reduced by long-term capital gains, is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to the flat rate of income-tax (plus Health and Education Cess)

• In case of non-residents, long-term capital gains in respect of unlisted Units, will be chargeable under Section 112(1) (c) (iii) of the Act, at concessional rate of tax, at 10% (plus applicable surcharge and Health and Education Cess computed without indexation of the cost of acquisition and foreign currency fluctuation benefits.

• Long-term capital gains in respect of units of equity oriented mutual fund will be chargeable under new Section 112A of the Act introduced by Finance Act, 2018 at concessional rate of tax at 10% (plus applicable surcharge and Health and Education Cess¹ without indexation and without foreign currency fluctuation benefit on such capital gains exceeding one lakh rupees. The concessional rate of 10% shall be available only if STT has been paid on transfer of units of equity oriented mutual funds.

Finance Act, 2018 has also amended section 55 of the Act to provide for a grandfathering provision upto 31.1.2018. As per the said amendment, cost of acquisition of the long-term capital asset acquired by the assessee before 1.2.2018 would be higher of the following:

- a. actual cost of acquisition of the asset; and
- b. lower of:
 - i. fair market value of such asset; and
 - ii. full value of consideration received or accruing because of the transfer of the capital asset.

For this section, the fair market value shall be the highest price of the capital asset quoted on the recognized stock exchange as on 31.1.2018 in a case where the capital asset is listed on any recognized stock exchange. If there is no trading in such asset on such exchange on the 31.1.2018, the highest price of such asset on such exchange on a date immediately preceding the 31.1.2018 when such asset was traded on such exchange shall be the fair market value. In a case where the capital asset is a unit which is not listed on a recognized stock exchange as on the 31.1.2018, the net asset value of such unit as on the said date.

- As per Section 111A of the Act, short-term capital gains on sale of units of an equity oriented fund where such transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 % (plus applicable surcharge and Health and Education Cess) and on sale of other units, at a rate of 40 % (plus applicable surcharge and Health and Education Cess) in the case of foreign companies and in the case of other investors at a rate of 30% (plus applicable surcharge and Health and Education Cess). Further in case of resident individuals and HUFs where taxable income as reduced by short-term capital gains, is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to the flat rate of income-tax (plus Health and Education Cess).

As per the Finance Act, 2018 in case of domestic company, the rate of income tax shall be 25% (plus applicable surcharge and Health and Education Cess) if total turnover or gross receipts of the previous year 2016-17 does not exceed Rs. 250 crores.

Exemption of capital gain from income tax

As per the provisions of section 54EC of the Act and subject to the conditions and investment limits specified therein, capital gains arising on transfer of a long- term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. The benefit is available in respect of investment made during the financial year in which the long- term capital asset is transferred and in the subsequent financial year to the extent of fifty lakh rupees.

Finance Act, 2018 rationalized the provisions of section 54EC of the Act and to amend the section 54EC of the Act with effect from 1.4. 2019 i.e. assessment year 2019-20 to provide that capital gain arising from the transfer of a long-term capital asset, being land or building or both., invested in the long-term specified asset at any time within a period of six months after the date of such transfer, the capital gain shall not be charged to tax subject to certain conditions specified in this section. It has also substituted the definition of long-term specified asset to include any investment made under section 54EC of the Act:

- i. on or after the 1.4.2007 but before the 1.4.2018, means any bond, redeemable after three years and issued on or after the 1.4.2007 but before the 1.4.2018;
- ii. on or after the 1.4.2018, means any bond, redeemable after five years and issued on or after 1.4.2018, by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 or any other bond notified in the Official Gazette by the Central Government in

this behalf.

Accordingly, the Finance Act, 2018 has withdrawn this benefit, from 1.4.2019 i.e. assessment year 2019-20 which was erstwhile available to unit holders.

- As per the provisions of section 54EE of the Act and subject to the conditions and investment limits specified therein, capital gains arising on transfer of a long- term capital asset shall not be chargeable to tax to the extent such capital gains are invested in long term specified asset (units of a specified fund as may be notified by central government) within six months from the date of transfer. The benefit is available in respect of investment made during the financial year and in the subsequent financial year to the extent of fifty lakh rupees.

- As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, capital gains arising on transfer of a long-term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

All Unit holders

Under the provisions of Section 94(7) of the Act, loss arising on sale of Units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive income or additional units without any consideration, as the case may be) and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

Under the provisions of Section 94(8) of the Act, where any person purchases units ('original units') within a period of 3 months prior to the record date, who is allotted additional units without any payment and sells all or any of the original units within a period of 9 months after the record date, while continuing to hold all or any of the additional units, then any loss arising on sale of the original units shall be ignored for the purpose of computing income chargeable to tax. The amount of loss so ignored shall be deemed to be the cost of purchase of the additional units as are held on the date of such sale.

General Anti Avoidance Rule ('GAAR') is an anti-tax avoidance Rule which is applicable w.e.f. April 1, 2017. The objective of GAAR is to deny tax benefits to an arrangement which has been entered with the main purpose of obtaining tax benefits and which lacks commercial substance or creates rights and obligations which are not at arm's length principle or results in misuse of tax law provisions or is carried out by means or in a manner which are not ordinarily employed for bona fide purposes. The over-arching principle of GAAR provisions is "substance over form".

• **Tax Consequences upon Merger / consolidation of Schemes / Plans:**

All unitholders:

Transfer of units, being held as 'Capital assets' as defined under the Income-tax Act, 1961, upon consolidation of two or more schemes of equity-oriented fund or two or more schemes of a fund other than equity-oriented fund or upon consolidation of plans within a mutual fund scheme in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains. The cost of acquisition of units in the consolidated plan / scheme shall be the cost of units in consolidating plan / scheme of mutual fund and period of holding of the units of consolidated plan / scheme shall include the period of holding for which the units in consolidating plan / scheme of mutual fund were held.

• **Tax Deduction at Source**

All Unit holders

No income-tax is deductible at source from income by way of capital gains under the present provisions of the Act in case of residents. However, the provisions of section 195 of the Act may apply to non-residents (other than Foreign Institutional Investors).

Accordingly income tax may have to be deducted at source in the case of a non-resident (other than foreign companies) at the rate of 15% (plus applicable surcharge and Health and education cess) on short-term capital gains referred to in section 111A and at the rate of 30% (plus applicable surcharge and Health and education cess) in case of short-term capital gains (other than under section 111A), unless a lower withholding tax certificate is obtained from the tax authorities, and at the rate of 10% (plus applicable surcharge and Health and education cess) in case of long-term[^] capital gains referred to in Section 112(1)(c)(iii) and at the rate of 10% (plus applicable surcharge and Health and education cess) on income by way of long-term capital gains referred to in section 112A of the Act and at the rate of 20% (plus applicable surcharge and Health and education cess) in case of other long-term capital gains, unless a lower withholding tax certificate is obtained from the tax authorities.

([^]As per Finance Act, 2018, Health and Education Cess is to be applied at 4% instead of "Education Cess at the rate of 2% and Secondary and Higher Education Cess at 1%" on aggregate of base tax and surcharge.)

In the case of foreign companies the rate of tax to be deducted at source on short-term capital gains referred to in section 111A would be 15% (plus applicable surcharge and Health and Education Cess) and at the rate of 40% (plus applicable surcharge and Health and Education Cess) in case of short-term capital gains (other than under section 111A), unless a lower withholding tax certificate is obtained from the tax authorities, and at the rate of 10% (plus applicable surcharge and Health and Education Cess) in case of long-term capital gains referred to in Section 112(1)(c)(iii) and at the rate of 10% (plus applicable surcharge and Health and education cess) on income by way of long-term capital gains referred to in section 112A of the Act and at the rate of 20% (plus applicable surcharge and Health and Education Cess) in case of other long-term capital gains, unless

a lower withholding tax certificate is obtained from the tax authorities. Where tax is deductible under the Act, and the deductee has not furnished a Permanent Account Number (PAN) to the deductor, tax should be deducted at source at the highest of the following rates:

- At the rate specified in the Act
- At the rates in force
- At the rate of 20% (plus applicable surcharge and Health and Education Cess)

With effect from June 24, 2016, relaxation is provided to non-residents from deduction of tax at higher rate of 20% in the absence of PAN subject to them providing specified information and documents (like Tax Residency Certificate (“TRC”), Tax Identification Number (“TIN”), etc.)

• Gift of Units

Section 56(2)(x) of the Act provides that any receipt of sum of money and/or property (exceeding INR 50,000) by all assesses would be taxable as income from other sources. The term ‘property’ includes shares and securities. Units of a mutual fund could fall within the purview of the term “securities”. As per the Act, “property” would refer to capital assets only.

• Clubbing of income

Subject to the provisions of section 64(1A) of the Act, taxable income accruing or arising in the case of a minor child shall be included in the income of the parent whose total income is greater or where the marriage of the parents does not subsist, in the income of that parent who maintains the minor child. An exemption under section 10(32) of the Act, is granted to the parent in whose hand the income is included upto Rs. 1,500/- per minor child. When the child attains majority, the tax liability will be on the child.

• Deduction under section 80C

As per section 80C, and subject to the provisions, an individual/ HUF is entitled to a deduction from Gross Total Income upto Rs. 1.50 lac (along with other prescribed investments) for amounts invested in any units of a mutual fund referred to in section 10(23D) of the Act, under any plan formulated in accordance with such scheme as the Central Government may notify.

• Deduction under section 80CCG

As per Section 80CCG, a resident individual who acquires listed equity shares or listed units of equity oriented mutual fund in accordance with the Rajiv Gandhi Equity Savings Scheme (‘RGESS’) (notified on November 23, 2012 and thereafter, vide Notification no. 94I2013 F. No. 142I35I2012 - TPL dated December 18, 2013 notified RGESS, 2013), is entitled to a deduction of 50%^ of the amount invested from his total income to the extent

the deduction does not exceed Rs. 25,000. The deduction under Section 80CCG is over and above the deduction under Section 80C.

(^As per Finance Act, 2018, Health and Education Cess is to be applied at 4% instead of "Education Cess at the rate of 2% and Secondary and Higher Education Cess at 1%" on aggregate of base tax and surcharge.)

The deduction shall be available for three consecutive financial years beginning with the Initial Year as defined in RGESS. The deduction shall be subject to following conditions:

- The gross total income of the investor for the relevant year should not exceed Rs. 12 lacs (for investments made from April 1, 2014, prior to that total income should not exceed Rs. 10 lacs);
- The investor is a new retail investor as specified in RGESS;
- The investment is made in such listed equity shares or listed units of equity oriented mutual fund as specified in RGESS;
- The investment is locked-in for a 3-year period in accordance with RGESS; and
- Such other conditions as may be prescribed.

If an investor, in a subsequent year fails to comply with any of the above conditions, the taxability would be as provided under RGESS.

• No deduction can be claimed under this section in respect of investment made under RGESS after April 1, 2017.

• Deduction under this section will be allowed for any investments acquired under this scheme on or before April 1, 2017 till assessment year 2019-20.

• Securities Transaction Tax

OTHER BENEFITS

Investments in Units of the Mutual Fund will rank as an eligible form of investment under Section 11(5) of the Act read with Rule 17C of the Income-tax Rules, 1962, for Religious and Charitable Trusts.

TAX TREATY BENEFITS

A non-resident investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the non-resident investor is a tax resident, whichever is more beneficial to the non-resident investor. As per the provisions of the Act, submission of tax residency certificate ("TRC") along with Form No. 10F will be necessary for granting Tax Treaty benefits to non-residents. A taxpayer claiming Tax Treaty benefit shall furnish a TRC of his residence obtained by him from the Government of that country or specified territory. Further, in addition to the TRC, the non-resident shall also provide such other documents and

information subsequently, as may be prescribed by the Indian Tax Authorities. Further as per section 195(7) of the Act, an application may be required to be made to the tax authorities to determine the withholding tax rate, if transfer/redemption/ buyback of Units are covered within the list of specified transactions, such list being yet not specified. Further, the provisions of Section 195 and/or Section 197 of the Act would need to be complied and documents will have to be furnished by the non-resident investor in this regard.

The above Statement of Possible Direct Tax Benefits/ Consequences sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of mutual fund units. The statements made above are based on the tax laws in force (including the amendments made by the Finance (No. 2) Act, 2014), Chapter VII of the Finance (No. 2) Act, 2004 pertaining to Securities Transaction Tax, and as interpreted by the relevant taxation authorities as of date. Investors/Unit holders are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of mutual fund units.

B. LEGAL INFORMATION

NOMINATION FACILITY

Pursuant to the SEBI Regulation 29A, the AMC has introduced Multiple Nomination Facility to enable Unitholders to nominate more than one person in whom the Units held by the Unitholder shall vest in the event of the demise of the Unitholder. Accordingly, multiple nominees can be designated per folio maximum upto 3 nominees. The Unitholders are further informed that additional nominee(s) can be added to the existing nominee(s) in their investments. The nomination can be made only by individuals applying for / holding Units on their own behalf singly or jointly. Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. A minor can be nominated and, in that event, the name and address of the Guardian of the minor Nominee shall be provided by the Unitholder. Nomination can also be in favour of Central / State Government, a local authority, any person designated by a virtue of his office or a religious or a charitable trust. The Nominee shall not be a trust (other than a religious or charitable trust), society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A Non-Resident Indian (NRI) can be a Nominee subject to the exchange controls in force from time to time. Nomination in respect of the Units stands rescinded upon the Redemption / transfer of Units. The nomination facility extended under the Scheme is in accordance with the SEBI Regulations and subject to other applicable laws. Transmission of the Units in the name of the nominee shall discharge the Mutual Fund, the Trustee and the AMC from any liability towards the successor(s) / heir(s) of the deceased Unitholder(s). However, the Mutual Fund / Trustee / AMC may request the nominee to execute suitable indemnities in favour of the Mutual Fund and / or the Trustee and / or the AMC, and to submit necessary documentation to the satisfaction of the Mutual Fund before transmitting Units to his /her favour. Nominations received in the form prescribed by the AMC alone shall be valid. In case of transmission of units and payment of redemption proceeds where investment made by an Indian Resident through Indian banking channel and nominee is NRI, the AMC shall transfer the redemption proceeds to NRI's Non-Resident Ordinary (NRO) Rupee Account (NRO Account) only, subject to compliance with other applicable procedure. Unitholders are requested to note that in case of multiple nominations, it is mandatory to clearly

indicate the percentage of allocation in favour each of the nominees against their Name and such allocation should be in whole numbers without any decimals making a total of 100 percent. It may be noted that if the percentage allocation is not mentioned or is left blank, in the Nomination Form then the AMC shall apply the default option of equal distribution among all the nominees as designated by the deceased Unitholder.

TRANSFERABILITY / TRANSMISSION OF UNITS

Transfer of Units

Units of the Schemes held in physical form shall be non-transferable. Further units of the schemes of the Fund held in demat form are freely transferable (in terms of SEBI circular number CIR/IMD/DF/10/2010 dated August 18, 2010) from one demat account to another demat account. However, restriction on transfer of units of ELSS during locking period shall continue to be as per ELSS guidelines.

Transmission Facility

If a person becomes a holder of the Units consequent to operation of law or upon enforcement of a pledge, the Mutual Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death, insolvency etc., the transferee's name will be recorded by the Mutual Fund subject to production of satisfactory evidence and completion of formalities as specified by the AMC.

(i) Transmission to surviving Unit holders in case of death of one or more Unit holders:

In case units are held by more than one registered unit holder, then upon death of first unit holder, units shall be transmitted in favour of the second named holder on production of the following documents to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- a. Letter from surviving Unit holder(s) or the surviving Unit holders requesting for transmission of Units;
- b. Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager;
- c. Bank Account Details of the new first Unit holder along with attestation by a bank branch manager or cancelled cheque bearing the account details and account holders name; and
- d. KYC of the surviving Unit holders, if not already available and (e) FATCA & CRS details.

(ii) Transmission to registered nominee(s) in case of death of sole or all Unit holders:

Units shall be transmitted in favour of the registered nominee(s) in case of death of sole or all Unit holders upon production of the following documents to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- a. Letter from claimant nominee(s) requesting for transmission of Units;
- b. Death Certificate(s) in original or photocopy duly notarized or attested by gazette officer or a bank manager;
- c. Bank Account Details of the new first Unit holder along with attestation by a bank branch manager or cancelled cheque bearing the account details and account holders name;
- d. KYC of the claimant(s); and (e) FATCA & CRS details

(iii) Transmission to claimant(s), where nominee is not registered, in case of death of sole or all Unit holders:

If the Unit holder has not appointed a nominee, the Units shall be transmitted in favour of the Unit holder's executor/administrator of estate/legal heir(s), as the case may be, on production of the following documents, in addition to the documents mentioned in (i) above, to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- a. Indemnity Bond from legal heir(s);
- b. Individual affidavits from legal heir(s);
- c. If the transmission amount is below Rs. Two Lakh: any appropriate document evidencing relationship of the claimant/s with the deceased Unit holder(s);
- d. If the transmission amount is Rs Two Lakh or more: Any one of the documents mentioned below:

- I. Notarised copy of probated will, or
- II. Legal Heir Certificate or Succession Certificate or Claimant's Certificate issued by a competent court, or
- III. Letter of Administration, in case of Intestate Succession.

Please note that in case the claimant submits any document mentioned under point I to III, then the Indemnity Bond as mentioned under point a. would not be required.

(iv) Transmission in case of HUF, due to death of Karta:

HUF, being a Hindu Undivided Family, the property of the family is managed by the Karta and HUF does not come to an end in the event of death of the Karta. In such a case, the members of the HUF who appoint the new Karta need to submit following documents for transmission:

- a. Letter Requesting for change of Karta;
- b. Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager;
- c. Duly certified Bank certificate stating that the signature and details of new Karta have been appended in the bank account of the HUF;
- d. KYC of the new Karta and KYC of HUF, if not already available;
- e. Indemnity bond signed by all the surviving coparceners and new Karta;
- f. In case of no surviving co-parceners OR the transmission amount is Rs Two Lakh or more OR where there is an objection from any surviving members of the HUF, transmission should be affected only on the basis of any of the following mandatory documents:
 - Notarized copy of Settlement Deed, or
 - Notarized copy of Deed of Partition, or
 - Notarized copy of Decree of the relevant competent Court

Unit holders may please note that, in addition to the abovementioned documents, the AMC/Registrar may, depending on the circumstance of each case seek additional documents.

Additional risk mitigation measures:

To avoid the risk of frauds and enhance operational efficiency, AMC shall not accept any 'Transmission cum Redemption' request. AMC shall first accept and process the request for transmission of units with proper documentation and thereafter accept and process redemption request.

1) In case of transmission of units, the claimant(s) of units will be required to submit the prescribed documents as may be applicable. Investors may refer to our website www.licmf.com for various documents required under different transmission scenarios.

- 2) In case of transmission of units to a claimant who is a minor, the prescribed documents like PAN, KYC, Bank Details, Indemnity etc of the guardian (father/mother/court appointed guardian) will be required.
- 3) If the amount involved in transmission exceeds Rs.1 lakh, the AMC/Mutual Fund may, on a case-to-case basis, seek additional documents from the claimant(s) of units.

PREVENTION OF MONEY LAUNDERING:

Prevention of Money Laundering Act, 2002 (hereinafter referred to as “Act”) came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular reference number ISD/CIR/RR/AML/1/06 dated January 18, 2006 mandated that all intermediaries including Mutual Funds should formulate and implement a proper policy framework as per the guidelines on anti-money laundering measures and also to adopt a Know Your Customer (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by clients. SEBI also issued another circular reference no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the Act inter-alia maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND), New Delhi.

The investor(s) should ensure that the amount invested in the scheme is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, Prevention of Money Laundering Act, Prevention of Corruption Act and / or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under.

To ensure appropriate identification of the investor(s) under its KYC policy and with a view to monitor transactions for the prevention of money laundering, LIC Mutual Fund Asset Management Limited (“the AMC”) / LIC Mutual Fund (“the Mutual Fund”) reserves the right to seek information, and / or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose.

The investor(s) and their attorney, if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/ passport/ driving license/PAN card, etc. and/or such documents or produce such information as may be required from time to time for verification of the identity, residential address and financial information of the investor(s) by the AMC/Mutual Fund. If the investor(s) or the person making payment on behalf of the investor(s), refuses / fails to provide the required documents/ information within the period specified in the communication(s) sent by the AMC to the investor(s) then the AMC, after applying appropriate due diligence measures, believes that the transaction is suspicious in nature within the purview of the Act and SEBI circulars issued from time to time and/or on account of deficiencies in the documentation, shall have absolute discretion to report suspicious transactions to FIU-IND and / or to freeze the folios of the investor(s), reject any application(s) / allotment of units and effect mandatory redemption of unit holdings of the investor(s) at the applicable NAV subject to payment of exit load, if any, and recovery of unamortized NFO expenses in terms of the said communication sent by the AMC to the investor(s) in this regard. The KYC

documentation shall also be mandatorily complied with by the holders entering the Register of Members by operation of law e.g. transmission, etc.

The Mutual Fund, LIC MF Asset Management Limited, LIC Mutual Fund Trustee Pvt. Limited and their Directors, employees and agents shall not be liable in any manner for any claims arising whatsoever on account of freezing the folios / rejection of any application / allotment of units or mandatory redemption of units due to non-compliance with the provisions of the Act, SEBI circular(s) and KYC policy and / or where the AMC believes that transaction is suspicious in nature within the purview of the Act and SEBI circular(s) and reporting the same to FIU-IND

PERMANENT ACCOUNT NUMBER:

SEBI has made it mandatory for all applicants including joint holders and guardian to mention his/her Permanent Account Number (PAN) irrespective of the amount of purchase (fresh, additional, SIP). In order to verify that the PAN of the applicants (in case of applications in joint names, guardian in case minor, each of the applicants) has been duly and correctly quoted therein, the applicants shall attach a photocopy of the PAN card duly attested by the distributor / agent (AMFI registered) through whom the application is affected or by Bank Manager or Notary or Investors Service Centers of LIC Mutual Fund Asset Management Ltd or ISCs of Karvy. Attestation will be done after verification with the original PAN Card. Applications not accompanied with the above requirements are liable to be rejected.

About MICRO SIP, investors are requested to go through as mentioned below:

- 1) In compliance with SEBI Letter No. MRD/DoP/PAN/PM/166999/2009, dated June 19, 2009 issued to AMFI and subsequent guidelines issued by AMFI in this regard, effective from 01/08/2009, SIPs upto INR 50,000/- per year per investor i.e. aggregate of installments in a rolling 12 months period or in a financial year (to be referred as 'Micro SIP') shall be exempt from the requirement of PAN as a proof of identification.
- 2) This exemption will be applicable ONLY to investments by individuals including NRIs but not PIOs, Minors and Sole Proprietary Firms. HUFs and other categories will not be eligible for MICRO SIPs.
- 3) Investor (including joint holders) will submit a photocopy of any one of 1) Voter Identity Card / Driving License / Government / Defense Identification Card / Passport / Photo Ratio Card / Photo Debit Card / Employee ID cards issued by Companies registered with Registrar of Companies / Photo Identification issued by Bank Managers of Scheduled Commercial Banks / Gazetted Officer / Elected Representatives to the Legislative Assembly / Parliament / ID Card issued to employees of Scheduled Commercial / State / District Co-operative Banks / Senior Citizen / Freedom Fighter ID Card issued by Government / Cards issued by Universities / Deemed Universities or Institutes under statutes like ICAI, ICWA, ICSI / Permanent Retirement Account No. (PRAN) Card issued to New Pension System (NPS) subscribers by CRA (NSDL) / Any other photo ID card issued by Central Government / State Governments / Municipal Authorities / Government Organizations like ESIC / EPFO, for availing the MICRO SIP facility as a supporting document and same must be current and valid and shall be self-attested by the investor / attested by the ARN holder mentioning the ARN Number.
- 4) Investor has to give a declaration that he does not have any existing Micro SIPs which together with the current application will result in aggregate investments exceeding INR. 50,000/- in a year.

SUSPENSION OF REDEMPTION OF UNITS

The suspension of redemption of units under the scheme shall be made applicable only after the approval of the Trustee. The approval from the AMC Board and the Trustee giving details of the circumstances and the justification for the proposed action shall be informed to SEBI

- 1) When one or more stock exchanges or markets which provides basis of valuation for substantial portion of the assets of the scheme is closed otherwise than for ordinary holidays.
- 2) In circumstances outside the control of the Trustee and AMC the disposal of the assets of the scheme is not reasonable or would not reasonably be practicable without being detrimental to the interests of the Unit holders.
- 3) During Periods of extreme volatility in the stock market, which, in the opinion of the investment manager is prejudicial to the interest of the investors
- 4) In case of Natural calamity, strikes riots etc.
- 5) If so directed by SEBI.
- 6) During the period of Book closure, if any.

In the above eventualities the time limit for processing of requests for redemption of units will not be applicable.

However, to bring more clarity and to protect the interest of the investors, SEBI vide circular Ref. no. **SEBI/HO/IMD/DF2/CIR/P/2016/57 dated May 31, 2016** stated that the following requirement shall be observed before imposing restriction on redemptions:

a. Restriction may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:

i. Liquidity issues - when market at large becomes illiquid affecting almost all securities rather than any issuer specific security. The AMC should have in place sound internal liquidity management tools for schemes. Restriction on redemption cannot be used as an ordinary tool in order to manage the liquidity of a scheme. Further, restriction on redemption due to illiquidity of a specific security in the portfolio of a scheme due to a poor investment decision, shall not be allowed.

ii. Market failures, exchange closures - when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies.

iii. Operational issues – when exceptional circumstances are caused by *force majeure*, unpredictable operational problems and technical failures (e.g. a black out). Such cases can only be considered if they are reasonably unpredictable and occur in spite of appropriate diligence of third parties, adequate and effective disaster recovery procedures and systems.

b. Restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period.

c. Any imposition of restriction would require specific approval of Board of AMCs and Trustees and the same will be informed to SEBI immediately.

d. When restriction on redemption is imposed, the following procedure shall be applied:

i. No redemption requests upto INR 2 lakh shall be subject to such restriction.

ii. Where redemption requests are above INR 2 lakh, the AMC will redeem the first INR 2 lakh without such restriction and remaining part over and above INR 2 lakh shall be subject to such restriction.

UNCLAIMED REDEMPTION AMOUNTS

As per SEBI Circular No. MFD/CIR/9/120/2000 dated November 24, 2000, the unclaimed redemption amount and dividend amounts may be deployed by the Mutual Fund in call money market or money market instruments only and the investors who claim these amounts during a period of three years from due date shall be paid at the prevailing Net Assets Value. After a period of three years, this amount will be transferred to a pool account and the investors can claim the amount at NAV prevailing at the end of third year. The income earned on such investments will be used for investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points

In partial modification of the circular, SEBI/HO/IMD/DF2/CIR/P/2016/37 dated February 25, 2016 stated that:

1. The unclaimed redemption and dividend amounts, that are currently allowed to be deployed only in call money market or money market instruments, shall also be allowed to be invested in a separate plan of Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts. AMCs shall not be permitted to charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped at 50 bps.
2. To ensure Mutual Funds play a pro-active role in tracing the rightful owner of the unclaimed amounts:
 - a. Mutual Funds shall be required to provide on their website, the list of names and addresses of investors in whose folios there are unclaimed amounts.
 - b. AMFI shall also provide on its website, the consolidated list of investors across Mutual Fund industry, in whose folios there are unclaimed amounts. The information provided herein shall contain name of investor, address of investor and name of Mutual Fund/s with whom unclaimed amount lies.
 - c. Information at point A2(a) & A2(b) above may be obtained by investor only upon providing his proper credentials (like PAN, date of birth, etc.) along-with adequate security control measures being put in place by Mutual Fund / AMFI.
 - d. The website of Mutual Funds and AMFI shall also provide information on the process of claiming the unclaimed amount and the necessary forms / documents required for the same.
 - e. Further, the information on unclaimed amount along-with its prevailing value (based on income earned on deployment of such unclaimed amount), shall be separately disclosed to investors through the periodic statement of accounts / Consolidated Account Statement sent to the investors.

Investors who claim the unclaimed amounts during a period of three years from the due date shall be paid initial unclaimed amount along-with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for investor education.

DURATION OF THE SCHEME / WINDING UP (OPEN ENDED SCHEMES)

The duration of the Scheme is perpetual. The AMC, the Fund and the Trustee reserve the right to make such changes/alterations in the Scheme (including the charging of fees and expenses) offered under respective Scheme Information Document to the extent permitted by the applicable Regulations. However, in terms of the Regulations, a Scheme may be wound up after repaying the amount due to the Unitholders:

1. On happening of any event, which in the opinion of the Trustee, requires the Scheme to be wound up, OR
2. If seventy five percent (75%) of the Unitholders of the Schemes pass a resolution that the Scheme be wound up, OR
3. If SEBI so directs in the interest of the Unitholders or
4. In case of non-fulfillment of condition prescribed in terms of minimum number of investors vide SEBI circular No. SEBI/IMD/CIR No.10/22701/03 dated December 12, 2003.

Where the Scheme is so wound up, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme to:

(I) SEBI and,

(II) In two daily newspapers with circulation all over India and in one vernacular newspaper with circulation in Mumbai On and from the date of the publication of notice of winding up, the Trustee or the Investment Manager shall:

- a) Cease to carry on any business activities in respect of the Scheme so wound up;
- b) Cease to create or cancel Units in the Scheme;
- c) Cease to issue or redeem Units in the Scheme.

DURATION OF THE SCHEMES / WINDING UP (CLOSE ENDED SCHEMES)

The duration of the Scheme is limited till the maturity of the plan under the scheme unless rolled over. The AMC, the Fund and the Trustee reserve the right to make such changes/alterations the Scheme (including the charging of fees and expenses) offered under this respective Scheme Information Document to the extent permitted by the applicable Regulations. However, in terms of the Regulations, a Scheme may be wound up after repaying the amount due to the Unitholders:

1. On happening of any event, which in the opinion of the Trustee, requires the Scheme to be wound up, OR
2. If seventy five percent (75%) of the Unitholders of the Schemes pass a resolution that the Scheme be wound up, OR
3. If SEBI so directs in the interest of the Unitholders, OR
4. In case of non-fulfillment of condition prescribed in terms of minimum number of investors vide SEBI circular No. SEBI/IMD/CIR No.10/22701/03 dated December 12, 2003, OR.
5. On Maturity of the Plan under the Scheme.

Where the Scheme is so wound up, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme to:

1. SEBI and,

2. In two daily newspapers with circulation all over India and in one vernacular newspaper with circulation in Mumbai.

On and from the date of the publication of notice of winding up, the Trustee or the Investment Manager, as the case may be, shall:

1. Cease to carry on any business activities in respect of the Scheme so wound up;
2. Cease to create or cancel Units in the Scheme;
3. Cease to issue or redeem Units in the Scheme.

PROCEDURE FOR WINDING UP

The Trustee shall call a meeting of the Unitholders of the Scheme to approve by simple majority of the Unitholders present and voting at the meeting for authorizing the Trustee or any other person to take steps for the winding up of the Scheme.

The Trustee or the person authorized above shall dispose of the assets of the Scheme in the best interest of the Unitholders of the Scheme.

The proceeds of sale realized in pursuance of the above, shall be first utilized towards discharge of such liabilities as are due and payable under the Scheme and after meeting the expenses connected with such winding up, the balance shall be paid to Unitholders in proportion to their respective interest in the assets of the Scheme, as on the date the decision for winding up was taken.

On completion of the winding up, the Trustee shall forward to SEBI and the Unitholders a report on the winding up, detailing the circumstances leading to the winding up, the steps taken for disposal of the assets of the Scheme before winding up, net assets available for distribution to the Unitholders and a certificate from the auditors of the Fund.

Notwithstanding anything contained herein above, the provisions of the Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until winding up is completed or the Scheme ceases to exist.

After the receipt of the report referred to above, if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

Foreign Account Tax Compliance Act (FATCA):

The Government of India and the United States of America (US) have reached an agreement in substance on the terms of an Inter- Governmental Agreement (IGA) and India is now treated as having an IGA in effect from April 11, 2014. On similar lines the Organization of economic Development (OECD) along with G-20 countries has released a 'Standard for Automatic exchange of Financial Account Information in Tax Matters' commonly known as Common Reporting Standard ('CRS'). India is signatory to the Multilateral Competent Authority Agreement (MCAA) for the purposes of CRS. Under FATCA/CRS provisions, Financial Institutions are obligated to obtain information about the financial accounts maintained by investors and report to the local Government/ notified tax authorities. In accordance with FATCA and CRS provisions, the AMC / Mutual Fund is required to undertake due diligence process and identify foreign reportable accounts and collect such information / documentary evidences of the FATCA/CRS status of its investors / Unit holders and disclose such information (through its agents or service providers) as far as may be legally permitted about the holdings/ investment returns to US Internal

revenue Service (IRS)/any other foreign government or the Indian Tax Authorities, as the case may be for the purpose of onward transmission to the IRS/ any other foreign government pursuant to the new reporting regime under FATCA/CRS. FATCA/CRS due diligence will be directed at each investor / Unit holder (including joint investor/Unitholder) and on being identified as a

reportable person, all the folios will be reported. In case of folios with joint holders, the entire account value of the investment portfolio will be attributable under each such reportable person. An investor / Unit holder will therefore be required to comply with the request of the AMC / Mutual Fund to furnish such information as and when sought by the AMC for the AMC / Mutual Fund to comply with the information reporting requirements stated in IGA/MCAA and circulars issued by SEBI / AMFI in this regard. The information disclosed may include (but is not limited to) the identity of the investors/Unitholder(s) and their direct or indirect beneficiaries, beneficial owners and controlling persons. Investors / Unitholders should consult their own tax advisors regarding FATCA/CRS requirements with respect to their own situation. The AMC/Mutual Fund reserves the right to reject any application/freeze any folio(s) held directly or beneficially for transactions in the event the applicant/Unitholder(s) fail to furnish the relevant information and/or documentation in accordance with FATCA/CRS provisions and as requested by the AMC/Mutual Fund.

Ultimate Beneficial Ownership:

As a part of Client Due Diligence (CDD) Process under PMLA 2002 read with PMLA Rules, 2005 each of the SEBI registered entity, which inter-alia includes Mutual Funds, is required to obtain sufficient information from their clients to identify and verify the identity of persons who beneficially own or control the securities account.

Further, pursuant to SEBI Master Circular No. CIR/ISD/ AML/3/2010 dated December 31, 2010 on Anti Money Laundering Standards and Guidelines on identification of Beneficial Ownership issued by SEBI vide its Circular No. CIR/MIRSD/2/2013 dated January 24, 2013, investors (other than Individuals) are required to provide details of Ultimate Beneficial Owner(s) ('UBO') and submit proof of identity (viz. PAN with photograph or any other acceptable proof of identity prescribed in common KYC form) of UBO(s).

To comply with the above Act/Rules/Regulations, the following Client Due Diligence (CDD) process shall be implemented with effect from January 1, 2015.

I. Applicability:

1. Providing information about beneficial ownership will be applicable to the subscriptions received from all categories of investors except Individuals and a Company listed on a stock exchange or is a majority owned subsidiary of such a Company.
2. Proof of Identity of the UBO such as Name/s, Address & PAN/Passport together with self-attested copy along with the declaration for Ultimate Beneficial Ownership form is required to be submitted to the AMC/its RTA. The form is available on the website of the AMC i.e. www.licmf.com or the investor may visit any of the nearest investor service center's.
3. In case of any change in the beneficial ownership, the investor should immediately intimate the AMC / its Registrar / KRA, as may be applicable, about such changes.

II. Identification Process:

(A) For Investors other than Individuals or Trusts:

- (i) If the investor is an unlisted company, partnership firm or unincorporated association / body of individuals, the beneficial owners are the natural person/s who is/are acting alone or together, or through one or more juridical person and exercising control through ownership or who ultimately

has a controlling ownership interest.

(ii) Controlling ownership interest means ownership of / entitlement to:

a. more than 25% of shares or capital or profits of the juridical person, where juridical person is a company.

b. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership firm; or

c. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

(iii) In cases, where there exists doubt as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity details should be provided of the natural person who is exercising control over the juridical person through other means (i.e. control exercised through voting rights, agreement, arrangements or in any other manner).

(iv) In case no natural person is identified under any of the above criteria, the person who holds the position of senior managing official shall be provided.

(B) For Investor which is a Trust:

In case of a Trust, the settler of the trust, the trustee, the protector and the beneficiaries with 15% or more interest in the trust or any other natural person exercising ultimate effective control over the trust through a chain of control or ownership shall be considered as beneficial owner.

(C) For Foreign Investors:

The Know Your Client requirements in case of foreign investors viz. Foreign Institutional Investors (FIIs), Sub accounts and Qualified Foreign Investors (QFIs) as specified in SEBI Circular No. CIR/MIRSD/11/2012 dated September 5, 2012 shall be considered for identification of beneficial ownership of the investor.

The AMC/ Trustee reserves the right to reject application forms submitted without disclosing necessary information as prescribed under the aforesaid laws/ rules/ regulations

C. GENERAL INFORMATION

BORROWING BY THE FUND

The Fund may borrow to meet temporary liquidity needs for repurchase/redemption, redemption or payment of interest or dividend to the unitholders provided that such borrowing shall not exceed 20% of the net asset value and the duration of such borrowing shall not exceed a period of six months.

UNDERWRITING

Subject to SEBI Regulations, the Scheme may enter into underwriting agreements. The Capital Adequacy norms for the purpose of underwriting shall be the net assets of the Scheme and the

underwriting obligation of the scheme shall not at any time exceed the total net asset value of the Scheme.

STOCK LENDING BY THE SCHEME

Subject to the Regulations and the applicable guidelines, the Scheme may, if the Trustees permit, engage in stock lending. Stock lending means the lending of a stock to another person or entity for a fixed period, at a negotiated compensation.

The borrower will return the securities lent on expiry of the stipulated period. Each Scheme, under normal circumstances, shall not have exposure of more than 50% of its net assets in stock lending. The scheme may also not lend more than 50% of its net assets to any one intermediary to whom securities will be lent. Securities Lending could be considered for generating additional income to unitholders on the longer-term holdings of the Scheme. The AMC shall report to the Trustees on a quarterly basis as to the level of lending in terms of value, volume and the names of the intermediaries and the earnings/losses arising out of the transactions, the value of collateral security offered etc.

Stock lending is subject to following risks.

1. Settlement risk which is the inability of the approved intermediary / borrower to comply with the terms of the agreement for lending which may result in the failure of the intermediary to return the securities / loss of rights to the collateral offered by the borrower and the feasible loss of any corporate benefits accruing to the Scheme from the said securities.
2. Risks arising from fluctuations in the value of collateral offered by the borrower
3. Risks arising out of inability of the scheme to liquidate the securities lent to take advantage of market situations.

INTER SCHEME TRANSFERS

Transfer of investments from one scheme to another scheme in the same mutual fund shall be allowed only if –

- (a) Such transfers are done at the prevailing market price for quoted instruments on spot basis
Explanation: “Spot basis” shall have same meaning as specified by Stock Exchange for spot transactions.
- (b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

ASSOCIATE TRANSACTIONS

- i. The schemes of the Mutual Fund have not entered into any underwriting obligation with respect to issues of associate companies and have no devolvement.
- ii. The schemes have not subscribed/tendered to certain privately placed/public issues of debentures/bonds/equity shares, lead managed by any of the associates.
- iii. The total business given to associate broker and Brokerage paid to associates/related parties/group companies of Sponsor/AMC, is as under (brokerage in line with the amounts paid to non-associate brokers):

Name of associate/related parties/group companies of the Sponsor/AMC	Nature of Association/ Nature of relation	Period Covered	Value of transaction (in Rs. Cr & % of total value of transaction of the fund)		Brokerage (Rs. Cr & % of total brokerage paid by the fund)	
NIL	NIL	2016-2017	NIL	NIL	NIL	NIL
NIL	NIL	2017-2018	NIL	NIL	NIL	NIL
NIL	NIL	2018-2019	NIL	NIL	NIL	NIL

iv. Commission paid to sponsor or its associates / employees or their relatives of the Asset Management Company (AMC)

Name of associates/related parties/group companies of Sponsor/AMC	Nature of Association/ Nature of relation	Period Covered	Business Given (Rs. Cr & % of total business received by the fund)		Commission Paid (Rs. & % of total commission paid by the fund)	
ICICI BANK LTD	Associate	2016-17	1.10	0.00	3490.25	0.00
CORPORATION BANK	Associate		0.58	0.00	119348.18	0.08
LIC HFL FINANCIAL SERVICES LTD.	Group Company of Sponsor		12341.14	3.32	1059113.27	0.69
CREST WEALTH MANAGEMENT	Associate		0.00	0.00	7981.76	0.01
LICHFL FINANCIAL SERVICES LTD	Associate	2017-18	7015.46	1.50	908844.39	0.36
ICICI BANK LTD	Associate		0.00	0.00	4610.45	0.00
CORPORATION BANK	Associate		1.54	0.00	303803.93	0.12
ICICI BANK LIMITED	Associate		0.01	0.00	3312.40	0.00
CORPORATION BANK	Associate	2018-19	1.15	0.00	250227.65	0.11
LICHFL FINANCIAL SERVICES LTD	Group Company of Sponsor		17714.62	3.77	799319.30	0.37

v. Investments made in the securities of Sponsors / Group Companies/ Associate Companies during the last 3 years:

YEAR	Name of the Company	Particulars	Transaction type	Scheme Name	Quantity (Nos.)	Grand Total (in Rs. Crs)
2016-2017	LIC HOUSING	EQUITY	BUY	LIC MF RGESS FUND SERIES 2	1157	634250.0196
				LICMF EXCHANGE TRADED FUND – NIFTY 100 (LICMETFN)	162	83225.9476

	FINANCE LIMITED		SELL	LIC MF RGESS FUND SERIES 2	1157	649816.9458
				LICMF EXCHANGE TRADED FUND – NIFTY 100 (LICMETFN)	114	65679.82
2017-2018	NIL					
2018-2019	LIC HOUSING FINANCE LIMITED	EQUITY	BUY	LIC MF ETF-Nifty 100	127	59230.85
			SELL	LIC MF ETF-Nifty 100	19182	10350353.01

Transactions with group companies:

- a) The schemes of the Mutual Fund have not made any investments in the unlisted securities of group companies.
- b) The schemes will not invest in unlisted securities or securities issued by way of private placement by an associate or group company of the Sponsor or the AMC.
- c) The schemes will not invest in the listed securities of the group companies of the Sponsors in excess of 25% of the net assets.

The AMC, on behalf of the Fund, may utilise the services of Sponsors, group companies and any other subsidiary or associate company of the Sponsors established or to be established at a later date, in case such a company (including their employees or relatives) is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arms-length basis and at a mutually agreed terms and conditions to the extent and limits permitted under the SEBI Regulations. Appropriate disclosures, wherever required, shall be made by the AMC.

The AMC will, before investing in the securities of the group companies of the Sponsor, evaluate such investments, the criteria for the evaluation being the same as is applied to other similar investments to be made under the Scheme. Investments by the Scheme in the securities of the group companies will be subject to the limits under the Regulations.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the offices of the Mutual Fund at Industrial Assurance Bldg., 4th Floor, Opp. Churchgate Station, Mumbai – 400 020 during business hours of any day (excluding Saturdays, Sunday and public holidays).

1. Memorandum and Articles of Association of the AMC.
2. Investment Management Agreement.
3. Trust Deed and amendments thereto, if any#.
4. Mutual Fund Registration Certificate.
5. Agreement between the Mutual Fund and the Custodian.
6. Agreement with Registrars and Share Transfer Agent.
7. Consent of Auditors to act in the said capacity.

8. Consent of Legal Advisors to act in the said capacity.
9. Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
10. Indian Trusts Act, 1882.

Jurisdiction: The jurisdiction for any matters or disputes arising out of the scheme shall reside with the Courts in India.

INVESTOR GRIEVANCES REDRESSAL / MECHANISM

At LIC Mutual Fund, we believe in providing the best of our services to our investors. We provide easy access to information on our products and services; we also help you to get your grievances redressed with ease. Resolving your problem helps us review our processes and take necessary steps to prevent recurrence. We aim to respond to your complaint with efficiency, courtesy and fairness. Investors may contact any of the Investor Service Centers (ISCs) of the AMC for any queries / clarifications, may call on **1800-258-5678** (toll free), e-mail: service@licmf.com. In case Investors do not receive a response within 30 business days of approaching the AMC, or if they are not satisfied with the resolution received from the AMC, they can escalate their issues to SEBI (Securities and Exchange Board of India) and update their complaints on SCORES. (SEBI Complaints Redress System). SCORES allow the investor to lodge his complaint online with SEBI and subsequently view its status at <http://scores.gov.in/>.

The investor complaint history for the last three years for existing schemes and the redressal mechanism thereof is as under (from 01/04/2016 to 31/03/2019).

FOR LAST 3 YEARS	SEBI	REGISTRAR
No. of complaints received upto 31/03/2019	56	114
No. of complaints disposed off	56	114
No. of complaints outstanding as on 31/03/2019	NIL	NIL

The data on the number of complaints received, redressed and pending required to be updated every two months as prescribed by SEBI is accordingly updated upto May 31,2019 is as follows:

April 1, 2019 to May 31, 2019	SEBI	REGISTRAR
Received	5	12
Redressed	3	10
Pending	2	2

Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

**For and on behalf of the Board of
Directors of the Asset Management
Company of the Mutual Fund**

Sd/-

**Place: Mumbai
Date: 25th June 2019**

**Dinesh Pangtey
Whole Time Director & Chief Executive officer**

LIST OF ADDENDUMS TO STATEMENT OF ADDITIONAL INFORMATION (SAI) DATED JUNE 25, 2019

Date of Addendum	Particulars
30.07.2019	Modification in SAI – Appointment of Junior Debt Dealer
02.08.2019	Modification in Statement of Additional Information (“SAI”) - Resignation of Nominee Director from the Board of LIC Mutual Fund Asset Management Ltd.



**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. 18 of 2019-2020

Modification in Statement of Additional Information (“SAI”) - Appointment of Junior Debt Dealer:

Investors are requested to note that Mr. Kunal Virendra Koladiya, aged 28 years, is being appointed as a Junior Debt Dealer for Schemes of LIC Mutual Fund w.e.f. 25/07/2019. He has done his PGDM – Finance from MET-Institute of Computer Science. He will be a Key Personnel for schemes of LIC Mutual Fund.

This Notice cum addendum shall form an integral part of the SAI of LIC Mutual Fund as amended from time to time.

All other contents of the SAI will remain unchanged.

For LIC MUTUAL FUND ASSET MANAGEMENT LIMITED

Sd/-

Authorized Signatory

Date: 30/07/2019
Place: Mumbai

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



**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. 19 of 2019-2020

Modification in Statement of Additional Information (“SAI”) - Resignation of Nominee Director from the Board of LIC Mutual Fund Asset Management Ltd.

Notice is hereby given that Mr. Vinay Sah, Nominee Director has resigned from the Board of LIC Mutual Fund Asset Management Ltd. w.e.f. 1st August 2019.

Accordingly, all reference to Mr. Vinay Sah in the SAI stands deleted.

This Notice cum addendum shall form an integral part of the SAI of LIC Mutual Fund as amended from time to time.

All other contents of the SAI will remain unchanged.

Date: 02/08/2019
Place: Mumbai

**For LIC MUTUAL FUND ASSET MANAGEMENT LIMITED
Sd/-
Authorized Signatory**

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