

**NOTICE CUM ADDENDUM No. 32/2023**

**NOTICE CUM ADDENDUM TO THE SCHEME INFORMATION DOCUMENT ('SID') / KEY INFORMATION MEMORANDUM ('KIM') OF THE SCHEMES OF ITI MUTUAL FUND AND STATEMENT OF ADDITIONAL INFORMATION ('SAI') OF ITI MUTUAL FUND**

**A. Change in name of scheme of ITI Mutual Fund**

**NOTICE** is hereby given that pursuant to para 2.6 of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 and SEBI's letter no. SEBI/HO/IMD/IMD-RAC-2/OW/2023/40331/1 dated September 26, 2023, the name of the following scheme of ITI Mutual Fund shall be changed as under with effect from **October 30, 2023**:

| Category                            | Existing Scheme Name      | Revised Scheme Name     |
|-------------------------------------|---------------------------|-------------------------|
| ELSS (Equity Linked Savings Scheme) | ITI Long Term Equity Fund | ITI ELSS Tax Saver Fund |

Accordingly, all the references to the existing name, wherever appearing in the SAI, SID and KIM of the above scheme shall be replaced with the revised name as mentioned above.

**B. Investment in units of Corporate Debt Market Development Fund (CDMDF)**

**Background of CDMDF**

CDMDF is registered as an Alternative Investment Fund ('AIF') in accordance with the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"), with an objective to help develop the corporate debt market by providing backstop facility at the time of market dislocation to benefit the wider corporate debt market, instill confidence amongst the participants in the corporate debt/bond market during times of market dislocation and to enhance the secondary market liquidity. Further, in times of market dislocation, the specified debt-oriented schemes of ITI Mutual Fund shall have access to sell corporate debt securities held in the portfolio and CDMDF shall purchase listed corporate debt securities from the said schemes. CDMDF will thus act as a key enabler for facilitating liquidity in the corporate debt market and to respond quickly in times of market dislocation.

Investors are requested to note that as per regulation 43A of SEBI (Mutual Funds) Regulations, 1996, SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 on framework for Corporate Debt Market Development Fund and SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on investment by Mutual Fund schemes and Asset Management Companies in units of CDMDF, ITI Asset Management Ltd. ('AMC') and certain specified debt-oriented schemes of ITI Mutual Fund ('specified schemes') will invest a prescribed percentage of net assets in units of CDMDF. The specified schemes are:-

| Name of scheme                | Type of scheme  |
|-------------------------------|---|
| ITI Liquid Fund               | An open-ended liquid scheme. Relatively low interest rate risk and relatively low credit risk.  |
| ITI Ultra Short Duration Fund | An open-ended ultra-short debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months. Please refer page 31 of SID. Moderate interest rate risk and relatively low credit risk. |
| ITI Banking & PSU Debt Fund   | An open-ended debt scheme predominantly investing in debt instruments of banks, Public Sector Undertakings, Public financial institutions and Municipal bonds. Relatively high interest rate risk and relatively low credit risk.         |
| ITI Conservative Hybrid Fund  | An open-ended hybrid scheme investing predominantly in debt instruments   |
| ITI Dynamic Bond Fund         | An open-ended dynamic debt scheme investing across duration. Relatively high interest rate risk and relatively low credit risk.   |

Accordingly, following changes will be effected in SID and KIM of the aforesaid specified schemes, with immediate effect:

| S.No. | Section in SID  | Particulars of Change   |
|-------|---|---|
| 1     | 'Highlights/Summary of the Scheme – <i>'Transparency /NAV disclosure'</i> ; and Chapter III. B. Periodic disclosures – <i>'NAV disclosure'</i>                        | The following point has been added – 'Considering the scheme will invest in units of CDMDF, in the event the NAV of CDMDF units is not available by 9:30 p.m. of same Business Day, NAV declaration timing for the scheme shall be 10 a.m. on next business day instead of 11 p.m. on same Business Day'.   |
| 2     | Chapter I. Risk factors – <i>'Backstop facility in the form of investment in CDMDF'</i> , and Chapter II. Information about the scheme – <i>'Investment in CDMDF'</i> | The following points have been added –<br>• Background about CDMDF as mentioned in this Addendum.<br>• Specified schemes shall invest 25 bps of their AUM as on December 31, 2022 in the units of CDMDF. An incremental contribution to CDMDF shall be made every six months to ensure 25 bps of scheme AUM is invested in units of CDMDF.<br>• Investments in CDMDF shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable Investment limits) and the calculations of Potential Risk Class (PRC) matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDF. |
| 3     | Chapter II. Information about the Scheme – <i>'Where will the Scheme invest?'</i>   | • Inclusion of units of CDMDF, within list of instruments where the scheme can invest;<br>• CDMDF shall comply with Guarantee Scheme for Corporate Debt (GSCD) as notified by Ministry of Finance vide notification no. G.S.R. 559(E) dated July 26, 2023 and aforesaid SEBI circular dated July 27, 2023 and circulars / guidelines issued by SEBI and AMFI from time to time.<br>• Addition of CDMDF framework which include the securities to be invested into by CDMDF during normal times, fees and expenses of CDMDF, process/methodology followed by CDMDF for purchase, allocation and settlement of corporate debt securities.   |
| 4     | Chapter II. <i>'Investment by AMC, Trustee, Sponsor, or their associates in the scheme.'</i>  | Provision added relating to AMC making a one-time contribution equivalent to 2 bps of the AUM of the Scheme as on December 31, 2022 in the units of the CDMDF within 10 working days of request from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF. In case of delay in contribution, interest at 15% p.a. for the period of delay would be charged.  |

| S.No. | Section in KIM                 | Particulars of Change  |
|-------|--------------------------------|--|
| 1     | Asset Allocation of the scheme | The following point has been added - 'In accordance with requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund schemes and AMCs in units of Corporate Debt Market Development Fund, the Scheme shall invest 25 bps of its AUM. For further details please read the SID'. |
| 2     | Risk Profile of the Scheme     | Background about CDMDF as mentioned in this Notice cum Addendum has been added.  |
| 3     | Daily NAV publication          | The following point has been added – 'Considering the scheme will invest in units of CDMDF, in the event the NAV of CDMDF units is not available by 9:30 p.m. of same Business Day, NAV declaration timing for the scheme shall be 10 a.m. on next business day instead of 11 p.m. on same Business Day.'  |

**C. Change in NAV disclosure**

Pursuant to para 8.2 of the SEBI Master Circular dated May 19, 2023 with respect to "Review of time limit for disclosure of NAV of Mutual fund schemes investing overseas", the following provision has been added under the section on NAV disclosure in the SID and KIM of ITI Large Cap Fund, ITI Mid Cap Fund, ITI Multi Cap Fund, ITI Small Cap Fund, ITI Balanced Advantage Fund, ITI Value Fund, ITI Pharma and Healthcare Fund, ITI Banking and Financial Services Fund, ITI Focused Equity Fund and ITI Flexi Cap Fund, with immediate effect:

*"Further, the scheme is permitted to take exposure to overseas securities. In such cases where the scheme has taken exposure to overseas securities, the NAV of the scheme would be declared by 10.00 a.m. on the following business day. In case the scheme ceases to hold exposure to any overseas securities, NAV for that day would continue to be declared on 10.00 am on the following business day. Subsequent to that day, NAV shall be declared by 11.00 p.m., on the same business day."*

**D.** The following provision is added in the SID of all schemes of ITI Mutual Fund, under Chapter III. Units and Offer – *'Who cannot invest?'*, with immediate effect :

*"Any decision of the AMC about the eligibility or otherwise of a person to transact under the Scheme shall be final and binding on the applicant."*

This Notice cum Addendum shall form an integral part of the SID and KIM of relevant schemes of ITI Mutual Fund as mentioned herein. All other terms and conditions as mentioned in the SAI, SID and KIM shall remain unchanged.

**For ITI Asset Management Limited**  
(Investment Manager for ITI Mutual Fund)

Place : Mumbai  
Date : October 26, 2023

Sd/-  
Authorised Signatory