

Addendum No. 44 December 2012

ADDENDUM dated December 31, 2012 to the Scheme Information Document(s)/Key Information Memorandum(s) (as applicable) to the schemes of IDFC Mutual Fund

Introduction of Direct Plans under the schemes of IDFC Mutual Fund:

Pursuant to the requirement of SEBI circular no.CIR/IMD/DF/21/2012 dated September 13, 2012 the Board of Directors of IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited have approved launch of direct plan under the surviving plans (which will be renamed as Regular plan) of schemes of IDFC Mutual Fund. Introduction of direct plans under schemes will be effective January 01, 2013.

1. **Introduction of Direct Plan:** Direct Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a Distributor.
2. **Scheme eligibility:** Direct Plan shall be introduced in the following schemes of the Fund:
 - (a) all open-ended schemes of the Fund except (i) Exchange Traded Funds and (ii) Plans discontinued for further subscriptions;
 - (b) New Fund Offer of Fixed Maturity Plans under close-ended schemes of the Fund launched on or after the Effective Date; and
 - (c) Interval Schemes (commencing from the first day of the Specified Transaction Period immediately succeeding the Effective Date).(hereinafter collectively referred to as “the Schemes”).
3. **Plans / Options / Sub-options:** All Plans / Options / Sub-Options offered under the Schemes (“Regular Plan”) will also be available for subscription under the Direct Plan. Thus, from the Effective Date, there shall be 2 Plans available for subscription under the Schemes viz., Regular Plan and Direct Plan. Portfolio of the Scheme under the Regular Plan and Direct Plan will be common.

Example 1: Scheme - XYZ Equity Fund

	Regular Plan	Direct Plan (introduced w.e.f. January 1, 2013)
--	--------------	---

Subscription Plan	XYZ Equity Fund	XYZ Equity Fund – Direct Plan
Investment Route	Investors routing their investments through Distributor	Investors investing directly with the Fund
Options	<ul style="list-style-type: none"> • Growth Option • Dividend Option (Payout & Re-investment) 	<ul style="list-style-type: none"> • Growth Option • Dividend Option (Payout & Re-investment)

Thus, investors subscribing under Direct Plan of XYZ Equity Fund will have to indicate the Scheme / Plan name in the application form as “**XYZ Equity Fund – Direct Plan**”.

Example 2: Scheme - XYZ Monthly Income Plan (XYZ MIP)

	Regular Plan	Direct Plan (introduced w.e.f. January 1, 2013)
Subscription Plan	<ul style="list-style-type: none"> • XYZ MIP - Long Term Plan (XYZ MIP - LTP) • XYZ MIP - Short Term Plan (XYZ MIP – STP) 	<ul style="list-style-type: none"> • XYZ MIP - LTP – Direct Plan • XYZ MIP - STP – Direct Plan
Investment Route	Investors routing their investments through Distributor	Investors investing directly with the Fund
Options	Under both the Regular Plans: <ul style="list-style-type: none"> • Growth Option • Monthly Dividend Option (Payout & Re-investment) • Quarterly Dividend Option (Payout & Re-investment) 	Under both the Direct Plans: <ul style="list-style-type: none"> • Growth Option • Monthly Dividend Option (Payout & Re-investment) • Quarterly Dividend Option (Payout & Re-investment)

Thus, investors subscribing under Direct Plan of XYZ MIP - LTP will have to indicate the Scheme / Plan name in the application form as “**XYZ MIP - LTP – Direct Plan**”.

4. **Scheme characteristics:** Scheme characteristics such as Investment Objective, Asset Allocation Pattern, Investment Strategy, risk factors, facilities offered and terms and conditions including load structure will be the same for the Regular Plan and the Direct Plan except that:

- (a) Direct Plan shall have a lower expense ratio excluding distribution expenses, commission, etc and no commission for distribution of Units will be paid / charged under Direct Plan.
- b) In case of investments under Distributor code, any switch from Regular plan to Direct plan will be levied a one- time applicable exit load.
- c) In case of investments without Distributor code or are under Direct code, any switch from Regular plan to Direct plan will not attract any exit load.

5. Applicable NAV and allotment of units:

- (a) **Liquid Scheme(s):** Units shall be allotted for valid applications received before cut-off time (subject to provisions on realization of funds) on January 1, 2013 under Direct Plan(s) at the Net Asset Value (NAV) of December 31, 2012 of corresponding option(s) under Regular Plan(s). Thereafter, separate NAVs will be calculated and published for Direct Plan w.e.f. January 1, 2013.
- (b) **Non-Liquid Scheme(s):** Units shall be allotted for valid applications received before cut-off time (subject to provisions on realization of funds, where applicable) on January 1, 2013 under Direct Plan(s) at the Net Asset Value (NAV) of January 1, 2013 of corresponding option(s) under Regular Plan(s). Thereafter, separate NAVs will be calculated and published for option(s) under Direct Plan(s) w.e.f. January 2, 2013.

The above points are illustrated below:

Subscriptions in Direct Plan on January 1, 2013 within cut off time*	Applicable NAV
Liquid Schemes	NAV of the corresponding Regular Plan / Option / Sub-option as on December 31, 2012
Non-Liquid Scheme(s)	NAV of the corresponding Regular Plan / Option / Sub-option as on January 1, 2013

* Subject to applicable provisions on realization of funds.

In case the corresponding option(s), does not have a NAV due to non availability of units, the NAV under the direct plan or Regular plan will be introduced at Rs 10 per unit (for all schemes except IDFC Cash Fund) or Rs 1000 per unit in case of IDFC Cash Fund.

(c) Where application is received without any Distributor Code in the existing surviving plan **before cut-off time** on December 31, 2012, but the Applicable NAV based on realization of funds is on or after the Effective Date e.g. January 2, 2013, the Units will be allotted under Regular Plan and not under Direct Plan.

(d) Where application is received without any Distributor Code in the existing surviving plan **after cut-off time** on December 31, 2012, the same shall be deemed to have been received on the next Business Day and hence the Units will automatically be allotted under the Direct Plan at Applicable NAV.

6. **Eligible investors / modes for applying:** All categories of investors (whether Regular or new Unitholders) as permitted under the Scheme Information Document of the Schemes are eligible to subscribe under Direct Plan. Investments under Direct Plan can be made through various modes offered by the Fund for investing directly with the Fund {except Stock Exchange Platform(s) and all other Platform(s) where investors' applications for subscription of units are routed through Distributors}.

7. **How to apply:** Investors subscribing under Direct Plan of a Scheme will have to indicate "Direct Plan" against the Scheme name in the application form e.g. "XYZ Equity Fund – Direct Plan". Investors should also indicate "Direct" in the ARN column of the application form.

In case Distributor code is mentioned in the application form, but "Direct Plan" is indicated against the Scheme name, the Distributor code will be ignored and the application will be processed under Direct Plan and no commission will be paid to the distributor.

In case Distributor code is mentioned in the application form, but no plan is indicated (without Direct plan or regular plan) the application will be processed under Regular plan.

Where application is received for Regular Plan without Distributor code or "Direct" mentioned in the ARN Column, the application will be processed under Direct Plan.

8. Existing Investments:

(a) Investors wishing to transfer their accumulated unit balance held under Regular Plan (through lumpsum / systematic investments made with or without Distributor code) to Direct Plan will have to switch their investments and apply under Direct Plan.

- In case of investments with Distributor code, any switch from Regular plan to Direct plan will be levied a one- time applicable exit load.

- In case of investments without Distributor code or are under Direct code, any switch from Regular plan to Direct plan will not attract any exit load.
- (b) Investors who have invested without Distributor code and have opted for Dividend Reinvestment facility under Regular Plan may note that the dividend will continue to be reinvested in the Regular Plan only.

9. **Investments through systematic routes:**

- (a) In case of Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP)/ Dividend sweep option, etc registered prior to the Effective Date **without any distributor code** under the Regular Plan, installments falling on or after the Effective Date will automatically be processed under the Direct Plan.
- (b) Investors who had registered for Systematic Investment Plan facility prior to the Effective Date **with distributor code** and wish to invest their **future installments** into the Direct Plan, shall make a written request to the Fund in this behalf. The Fund will take at least 15 days to process such requests. Intervening installments will continue in the Regular Plan.

In case of (a) and (b) above, the terms and conditions of the existing registered enrolment shall continue to apply.

- (c) In case of the following facilities which were registered under the Regular Plan prior to the Effective Date the future installments / purchase shall continue under the Regular Plan:
 - (i) All trigger facilities (registered with or without Distributor Code) and
 - (ii) Systematic Transfer Facilities (registered with Distributor Code)
 - (iii) Dividend sweep option (registered from a folio where investments were made both **with and without** Distributor code)

In case such investors wish to invest under the Direct Plan through these facilities, they would have to cancel their existing enrolments and **register afresh** for such facilities.

10. **Redemption requests:** Where Units under a Scheme are held under both Regular and Direct Plans and the redemption / Switch request pertains to the Direct Plan, the same must clearly be mentioned on the request (along with the folio number), failing which the request would be processed from the Regular Plan. However, where Units under the requested Option are held only under one Plan, the request would be processed under such Plan.

11. **Tax consequences:** Switch / redemption may entail tax consequences. Investors should consult their professional tax advisor before initiating such requests.



MUTUAL FUND

This Addendum forms an integral part of the Scheme Information Document(s)/ Key Information Memorandum cum Application Form(s) of the Schemes of IDFC Mutual Fund read with the addenda issued there under.

Dated: December 31, 2012