

JM FINANCIAL MUTUAL FUND

ADDENDUM



I. THIS ADDENDUM SETS OUT THE CHANGES TO BE MADE IN STATEMENT OF ADDITIONAL INFORMATION (“SAI”) OF JM FINANCIAL MUTUAL FUND (“THE MUTUAL FUND”)

Foreign Accounts Tax Compliance Act (‘FATCA’) is a United States (‘US’) law aimed at prevention of tax evasion by US citizen and residents (‘US Persons’) through use of offshore accounts. FATCA was enacted under the Hiring Incentives to Restore Employment (‘HIRE’) Act of 2010 to prevent tax evasion by US persons through Foreign Financial Institutions (FFIs).

SEBI vide its circular dated June 30, 2014 has informed that 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) to implement FATCA and India is now treated as having an IGA w.e.f April 11, 2014.

Trusts that are used as fund vehicles can be entities for US federal income tax purposes, and are FFIs under FATCA. Each Mutual Fund in India is considered as an “investment entity” under FATCA and thereby treated as an FFI for FATCA purposes. Hence, the Mutual Fund would be required to perform due diligence on new and existing investors and reporting in accordance with the IGA. Enhancement of due diligence processes by the FFIs is required by FATCA so that FFIs can identify US reportable accounts.

For complying with the FATCA provisions, JM Financial Mutual Fund (the “Mutual Fund”)/JM Financial Asset Management Limited (the “AMC”) will be required to undertake due diligence process and identify US reportable accounts. The Mutual Fund/AMC shall i) collect such information/documentary evidences of the US and/or non-US status of its investors/unitholders and disclose such information (through its agents or service providers) as far as may be legally permitted about the holdings, investment returns; ii) levy withholding tax on payments made to investors who fail to provide the information and/or documentation required under FATCA; iii) report information pertaining to reportable accounts to the US Internal Revenue Service and/or such other Indian and Foreign authorities as may be specified under FATCA and/or applicable laws; iv) carry out such other activities as prescribed under FATCA rules as amended from time to time.

FATCA due diligence will be directed at each investor/unit holder (including joint investor) and on being identified as a reportable person/specified US person, all the folios will be reported. For folios with joint holders, the entire account value of the investment portfolio will be attributable under each reportable person. In case of closure of an account or folio, addition of a new holder to the folio or address change or any other change in circumstances, the investors are required to immediately intimate the Mutual Fund/AMC, as they may likely trigger the impact under FATCA. The impact of FATCA is relevant not only at the time of on-boarding of investors but also throughout the life cycle of the investor account or folio.

An investor/unit holder is therefore required to comply with the request of the Mutual Fund/AMC to furnish such information as and when sought by the AMC so as to comply with the reporting requirements stated in IGA and circulars issued by SEBI/AMFI in this regard. The information disclosed may include (but is not limited to) the identity of the investors and their direct or indirect beneficiaries, beneficial owners and controlling persons. The Mutual Fund/AMC reserves the right to reject any application or compulsorily redeem the units held directly or beneficially in case the investor/unit holder fails to furnish the necessary information and/or documentation or is found to be holding units in contravention of the FATCA provisions.

Investors/unit holders are requested to consult their own tax advisors regarding the FATCA requirements with respect to their own situation.

The Trustee/AMC reserves the right to change the provisions mentioned above at a later date.

II. THIS ADDENDUM SETS OUT THE CHANGES TO BE MADE IN THE COMBINED SCHEME INFORMATION DOCUMENT (“SID”) AND COMBINED KEY INFORMATION MEMORANDUM (“KIM”) OF THE JM FLOATER SHORT TERM FUND, JM FLOATER LONG TERM FUND, JM ARBITRAGE ADVANTAGE FUND AND JM BALANCED FUND, THE SCHEMES OF JM FINANCIAL MUTUAL FUND (THE “MUTUAL FUND”)

Investors are hereby informed that the Trustees of the Mutual Fund have approved the following:

The introduction of additional options under the Normal and Direct plans of the following schemes of the Mutual Fund:

Sr. No.	Name of the scheme	Existing Options	Proposed Options
1	JM Floater Short Term Fund	<ul style="list-style-type: none"> • Daily Dividend • Growth • Bonus 	<ul style="list-style-type: none"> • Daily Dividend • Growth • Bonus • Half Yearly Bonus • Monthly Dividend
2	JM Floater Long Term Fund	<ul style="list-style-type: none"> • Daily Dividend • Weekly Dividend • Dividend • Growth • Bonus 	<ul style="list-style-type: none"> • Daily Dividend • Weekly Dividend • Dividend • Growth • Bonus • Half Yearly Bonus • Monthly Dividend

Sr. No.	Name of the scheme	Existing Options	Proposed Options
3	JM Balanced Fund	<ul style="list-style-type: none"> • Dividend • Growth • Bonus • Annual Bonus • Half Yearly Dividend • Annual Dividend 	<ul style="list-style-type: none"> • Dividend • Growth • Bonus • Annual Bonus • Half Yearly Dividend • Annual Dividend • Half Yearly Bonus • Quarterly Bonus • Monthly Dividend • Quarterly Dividend
4.	JM Arbitrage Advantage Fund	<ul style="list-style-type: none"> • Dividend • Growth • Bonus • Annual Bonus 	<ul style="list-style-type: none"> • Dividend • Growth • Bonus • Annual Bonus • Half Yearly Bonus • Quarterly Bonus

The additional options will be available for subscription in the above mentioned schemes with effect from November 24, 2014.

i) Applicability of Net Asset Value (NAV) and allotment of units under the Half Yearly Bonus Option & Quarterly Bonus Option:

Units will be allotted for valid applications received before the cut – off time (subject to provisions on the realization of funds) under Half Yearly and Quarterly Bonus Option of the respective Plan i.e. Normal Plan/Direct Plan at the NAV of the corresponding Plan under the Growth Option on the effective date, in respective Schemes. Thereafter, separate NAVs will be calculated and published for Half Yearly and Quarterly Bonus Options in that Plan and the said options shall be available for subscription/redemption at NAV based prices on all business days.

If no subscription is received in Half Yearly and Quarterly Bonus Option in any of the Plan(s) under the Schemes on the effective date, then in such case, for subscriptions received after the effective date in Half Yearly and Quarterly Bonus Option, the NAV of corresponding Growth option under respective Plan(s) of the Schemes will be applicable, based on time of receipt of application and availability of funds for utilization by the Schemes (as applicable).

Allotment of Bonus units, if any, will not impact the total value of units held but would only increase number of units held by investor. Pursuant to allotment of Bonus Units, the NAV of units under the respective Bonus option would fall in proportion to bonus units allotted.

In terms of SEBI circular dated March 18, 2008, units issued as bonus units will not be subject to exit load.

The bonus declaration is subject to earnings and the amount standing to the credit of the reserves of the Bonus Option of the Scheme.

Investors are advised to consult their tax advisor to understand the tax implications for subscribing to/ redeeming the units of the Half Yearly and Quarterly Bonus Option of the above mentioned Schemes.

ii) The starting NAV for the monthly and quarterly dividend options under JM Balanced Fund, JM Floater Long Term Fund and JM Floater Short Term Fund stated above will be the NAV of the corresponding dividend option of the respective plans of the schemes, on the day of first purchase in the respective options as per applicable SEBI guidelines on uniform cut-off timings for applicability of NAV. Thereafter, separate NAVs will be calculated and published for each of the said options.

Under these options, the Trustees of the Mutual Fund reserve the right to declare monthly and quarterly dividend in the Schemes, subject to availability of distributable surplus.

All other provisions of the SID/KIM of the above mentioned Schemes of the Mutual Fund remain unchanged.

This addendum shall form an integral part of the SID/KIM of the said Scheme of the Mutual Fund, as amended from time to time.

Bhanu Katoch
Chief Executive Officer

Place : Mumbai
Date : November 21, 2014

JM Financial Asset Management Limited
(Investment Manager to JM Financial Mutual Fund)

For further details, please contact :

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(Formerly known as JM Financial Asset Management Private Ltd.),

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

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