

ADDENDUM**ADDENDUM TO THE SCHEME INFORMATION DOCUMENTS (“SIDs”) AND KEY INFORMATION MEMORANDUMS (“KIMs”) OF ALL THE OPEN ENDED DEBT SCHEMES (“ELIGIBLE SCHEMES”) OF JM FINANCIAL MUTUAL FUND (EXCEPT JM OVERNIGHT FUND)****Swing pricing framework for open ended debt schemes (“Eligible Schemes”) of JM Financial Mutual Fund (except JM Overnight Fund):**

Investors are requested to note that SEBI has vide circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/631 dated September 29, 2021 introduced swing pricing framework for open ended debt mutual fund schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds).

Swing pricing refers to a process for adjusting a scheme's Net Asset Value (NAV) to effectively pass on transaction costs stemming from significant net capital activity (i.e., flows into or out of the fund) to the investors associated with that activity during the life of a fund, excluding ramp-up period or termination. Swing pricing is an anti-dilution adjustment that seeks to protect investors in a scheme from performance dilution as a result of significant outflows from the scheme, particularly during market dislocation.

The swing pricing framework will be made applicable only for scenarios related to net outflows from the Eligible Schemes.

Swing pricing due to market dislocation:

On declaration of 'market dislocation' by SEBI for specified period, the swing pricing framework shall be mandated for the Eligible Schemes fulfilling both the conditions mentioned below:

1. Have 'High' or 'Very High Risk' on the risk-o-meter in terms of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020 (as of the most recent period at the time of declaration of market dislocation); and
2. Classify themselves in the cells A-III, B-II, B-III, C-I, C-II and C-III of Potential Risk Class (PRC) Matrix in terms of SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 7, 2021.

Investors may note that the following minimum swing factor shall be applicable for the Eligible Schemes and the NAV will be adjusted downward for swing factor:

Minimum swing factor			
Maximum Credit Risk of scheme →	Class A (Credit Risk Value >=12)	Class B (Credit Risk Value >=10)	Class C (Credit Risk Value <10)
Maximum Interest Rate Risk of the scheme ↓			
Class I: (Macaulay Duration <=1 year)	-	-	1.5%
Class II: (Macaulay Duration <=3 years)	-	1.25%	1.75%
Class III: Any Macaulay Duration	1%	1.5%	2%

Investors may further note the following aspects pertaining to swing pricing:

- a) When swing pricing framework is triggered and swing factor is made applicable, both the incoming and outgoing investors shall get Net Asset Value (NAV) adjusted for swing factor.
- b) Swing pricing shall be made applicable to all unitholders at unique investor level/PAN level with an exemption for redemptions upto ₹ 2 lacs per day per investor for each Eligible Scheme. Intra-scheme switches in the Eligible Scheme i.e. switches within an Eligible Scheme viz. from Regular Plan to Direct Plan and vice-versa or from Growth option to Income Distribution cum Capital Withdrawal option and vice versa, will be excluded from applicability of swing pricing.

Illustration :

Effect on the NAV for incoming and outgoing investors :

Illustration :

- 1) Applicability of swing pricing – Market dislocation as announced by SEBI or on AMFI's recommendation.
- 2) Specified period for applicability of swing pricing – As notified by SEBI.
- 3) Transactions covered including inter scheme switches (for applicability of swing factor):
 - a) Subscriptions including switch-ins
 - b) Redemptions including switch-outs
- 4) Unswung NAV – ₹ 10/- This is before applying swing factor.
- 5) Mandatory swing factor - 2%.
- 6) Consider a scheme having NAV of ₹ 10 and swing factor of 2%, the NAV shall be adjusted as below on issue of notification of market dislocation by SEBI:

$$\text{Swing NAV} = \text{unswung NAV} * (1 - \text{swing factor})$$

$$= ₹ 10 * (1-0.02)$$

$$= ₹ 10 * (0.98)$$

$$= ₹ 9.8.$$

If there is any exit load applicable as per scheme provisions, the same will be applied on swung NAV.

The Eligible Schemes will follow the disclosure requirements as mandated by SEBI's abovementioned circular.

The swing pricing framework is subject to the operational guidelines issued by SEBI / AMFI from time to time.

All other features and terms & conditions of the Eligible Schemes of JM Financial Mutual Fund will remain unchanged.

This addendum forms an integral part of the Scheme Information Document (SID) & Key Information Memorandum (KIM) of the Eligible Schemes of JM Financial Mutual Fund.

Authorised Signatory

Place : Mumbai

JM Financial Asset Management Limited

Date : December 27, 2021

(Investment Manager to JM Financial Mutual Fund)

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