

JM FINANCIAL MUTUAL FUND

NOTICE-CUM-ADDENDUM



THIS NOTICE - CUM - ADDENDUM SETS OUT THE CHANGES TO BE MADE IN THE SCHEME INFORMATION DOCUMENT ("SID") AND KEY INFORMATION MEMORANDUM ("KIM") OF JM ARBITRAGE ADVANTAGE FUND ("THE SCHEME") OF JM FINANCIAL MUTUAL FUND WITH EFFECT FROM MAY 25, 2018

Investors are hereby informed that changes are proposed in the SID and KIM of the Scheme in accordance with SEBI circular Nos. SEBI/HO/IMD/DF3/CIR/P/2017/114 and SEBI/HO/IMD/DF3/CIR/P/2017/126 dated October 06, 2017 and December 04, 2017 respectively. The Board of Directors of JM Financial Trustee Company Private Limited (the 'Trustee to JM Financial Mutual Fund') and JM Financial Asset Management Limited, (the 'AMC'), have approved the following changes and consequently, the relevant sections of the SID/ KIM of the Scheme stands amended as under:

Particulars	Current provisions	Proposed provisions																																										
Name of Scheme	JM Arbitrage Advantage Fund	JM Arbitrage Fund																																										
Type of the scheme	An open ended equity oriented scheme	An open ended scheme investing in arbitrage opportunities.																																										
Investment Objective	To generate income through arbitrage opportunities emerging out of mis-pricing between the cash market and the derivatives market and through deployment of surplus cash in fixed income instruments. There can be no assurance that the investment objective of the scheme will be realized. The scheme does not guarantee/ indicate any returns. Investors are required to read all the scheme related information set out in this document carefully.	No Change																																										
Investment Strategy	The Mutual Fund may invest in any of the following securities or a combination of the following securities subject to the Regulations and the investment objective and the terms of the scheme set out elsewhere in the Scheme Information Document. The corpus of the Scheme will be invested in equity, equity related instruments, derivatives such as futures and options and fixed income securities. Besides the above, the following will be the broad investment strategies. JM Financial Mutual Fund adopts a scientific approach to investments. Securities are selected for various funds by the fund managers based on a continuous study of trends in industries and companies, including management capabilities, global competitiveness, earning power, growth features and other relevant investment criteria. The Fund Manager would identify opportunities for mis-pricing and execute the deals simultaneously in both the markets. In terms of the SEBI guidelines the scheme shall not short sell in the cash market at all times. Due to mis-pricing between the cash and the underlying derivative security, the fund manager shall deploy investments in securities accordingly.	No Change																																										
Asset Allocation	<table border="1"> <thead> <tr> <th>Type of Instrument</th> <th>Normal Allocation (% of net assets)</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Equity and Equity related instruments</td> <td>65%-80%</td> <td>Medium - High</td> </tr> <tr> <td>Derivatives including stock futures and stock options#</td> <td>65%-80%</td> <td>Medium - High</td> </tr> <tr> <td>Money market instruments/Debt*/Fixed Income Derivatives</td> <td>20%-35%</td> <td>Medium - High</td> </tr> </tbody> </table> <p># The notional value exposure in derivatives securities would be reckoned for the purposes of the specified limits. Including securitized debt upto a maximum of 30% of net assets of this scheme. Debt instruments will include Government securities, corporate debentures, bonds, promissory notes, money market instruments, pass-through obligations, asset backed securities / securitized debt and other possible similar instruments. In line with the provisions of the SEBI circular no. DNP/CIr-29/2005 dated September 14, 2005 duly amended by circular no. DNP/CIr- 30/2006 dated January 20, 2006 by enumerating the guidelines for participation in Derivatives, the scheme shall execute transactions in the derivatives markets. The maximum derivative position will not exceed 80% of the portfolio (i.e. net assets including cash). The above limits shall be in line with the investment objective of the scheme. The AMC intends to invest in derivative instruments in accordance with the SEBI Regulations, as and when opportunities arise in the derivatives markets. The investment in derivatives will be broadly in line with the investment objective of the Scheme. All the above limits shall be in line with the investment objective of the Scheme. The cumulative gross exposure through equity, debt and derivative positions will not exceed 100% of the net assets of the Scheme. The Trustee may, from time to time, pending deployment of funds of the Scheme in securities in terms of the investment objective of the Scheme, invest the funds of the Scheme in short-term deposits of scheduled commercial banks subject to compliance with SEBI Circular SEBI/IMD/CIR No.1/ 91171 /07 dated April 16, 2007 as amended by SEBI Circular SEBI/IMD/CIR No.7/129592/08 dated June 23, 2008.</p>	Type of Instrument	Normal Allocation (% of net assets)	Risk Profile	Equity and Equity related instruments	65%-80%	Medium - High	Derivatives including stock futures and stock options#	65%-80%	Medium - High	Money market instruments/Debt*/Fixed Income Derivatives	20%-35%	Medium - High	<table border="1"> <thead> <tr> <th>Type of Instrument</th> <th>Indicative Allocation (% of net assets)</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Equity and Equity related instruments</td> <td>65%-80%</td> <td>Medium - High</td> </tr> <tr> <td>Derivatives including stock futures and stock options#</td> <td>65%-80%</td> <td>Medium - High</td> </tr> <tr> <td>Money market instruments/Debt*/Fixed Income Derivatives</td> <td>20%-35%</td> <td>Medium - High</td> </tr> </tbody> </table> <p>#The notional value exposure in derivatives securities would be reckoned for the purposes of the specified limits. 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Asset Allocation for defensive consideration: Pending deployment or in extraordinary circumstances or events or during momentary absence of arbitrage opportunities, the asset allocation will be as under:</p> <table border="1"> <thead> <tr> <th rowspan="2">Type of Instrument</th> <th colspan="2">Indicative allocation (% of net assets)</th> <th rowspan="2">Risk Profile</th> </tr> <tr> <th>Max</th> <th>Min</th> </tr> </thead> <tbody> <tr> <td>Equities and Equity related instruments, Derivatives including index futures, stock futures, index options, & stock options, etc. (Only arbitrage opportunities)#</td> <td>65</td> <td>0</td> <td>Medium to High</td> </tr> <tr> <td>Debt and Money market instruments** (including investments in securitized debt)</td> <td>35</td> <td>10</td> <td>Low to Medium</td> </tr> <tr> <td>Short term Debt and Money market instruments not exceeding tenure of 91 days** (including investments in securitized debt)</td> <td>100</td> <td>0</td> <td>Low to medium</td> </tr> </tbody> </table> <p># the exposure to derivatives shown in the above asset allocation tables is exposure taken against the underlying equity investments and should not be considered for calculating the total asset allocation and/or investment restrictions on the issuer. The idea is not to take additional asset allocation with the use of derivative. The margin money deployed on these positions would be included in Money Market category. ** including securitized debt up to 30% In line with the provisions of the SEBI circular no. DNP/CIr-29/2005 dated September 14, 2005 duly amended by circular no. DNP/CIr- 30/2006 dated January 20, 2006 by enumerating the guidelines for participation in Derivatives, the scheme shall execute transactions in the derivatives markets. The maximum derivative position will not exceed 80% of the portfolio (i.e. net assets including cash). The above limits shall be in line with the investment objective of the scheme. The AMC intends to invest in derivative instruments in accordance with the SEBI Regulations, as and when opportunities arise in the derivatives markets. The investment in derivatives will be broadly in line with the investment objective of the Scheme. 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Benchmark	CRISIL Liquid Fund Index	Nifty 50 Arbitrage Index																																										
Scheme Expenses	Total Expense Ratio from April 01, 2017 to March 31, 2018: Direct Plan: 0.73, Normal Plan: 1.15	Changes, if any, will be communicated to the unitholders as per the prevailing Regulations.																																										

All other features of the Scheme remain unchanged.

Securities and Exchange Board of India (SEBI) vide its letter no. IMD/DF3/OW/P/2018/6076/1 dated February 27, 2018 has conveyed its no objection to the aforesaid change(s) in fundamental attributes of the Scheme of JM Financial Mutual Fund.

The above changes will be effective from May 25, 2018

As per the SEBI Regulations, the above changes are construed as changes in the fundamental attributes of the Scheme; hence an exit option is being provided to the unitholders of the Scheme, as per Regulation 18(15A) of SEBI (Mutual Funds) Regulations, 1996.

Accordingly, the unitholders in Scheme, who do not consent to the above proposals, are being provided with an exit option to redeem their units at the prevailing NAV without imposition of any exit load. The option to exit without payment of exit load will be valid from April 23, 2018 up to and including May 22, 2018 (up to 3.00 p.m.).

The option to exit is available to all unitholders in the above Scheme, except for those unitholders who have:

- pledged their units, unless they procure a release of their pledges prior to May 22, 2018 and/ or
- whose units are marked under lien/ injunction in accordance with the instructions of any Court of law/ Income Tax Authority/ other Regulatory Authority.

Unit holders in the above Scheme on/ date are being informed by individual communication of the proposed changes to the Scheme. The new investors in the above Scheme, joining after April 19, 2018, will also be kept informed of the details of the proposed changes in the said Scheme. Such of those unit holders who do not receive the communication may contact the Registrar of JM Financial Mutual Fund, M/s. Karvy Computershare Private Limited ("Karvy"), Karvy Selenium Tower B, Plot No 31 & 32, 1st Floor, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 008.

Redemption/switch out requests may be made by filling up the normal transaction slip and submitting the same to any of the Investor Service Centres ("ISCs") of JM Financial Asset Management Limited or of Karvy on or before 3.00 p.m. on May 22, 2018. In case, the investors wish to opt for the exit option set forth above, then they may redeem/switch out the units of the Scheme held by them at the applicable Net Asset Value without any exit load upto 3.00 p.m. on May 22, 2018. The redemption proceeds will be mailed/remitted within 10 business days of receipt of valid redemption request to the unitholders who exercise their exit option. In case, the investors wish to redeem/switch out of the Scheme, they are requested to provide the Foreign Account Tax Compliance Act (FATCA) declaration form along with the transaction slip, in case the investors have not provided the same to us earlier. In case, the FATCA declaration form is not provided along with the transaction slip, the redemption/switch request will be rejected. The investors are also encouraged to submit their Aadhaar declaration form along with Aadhaar copy and also copy of PAN, if not provided earlier.

Bhanu Katoch
Chief Executive Officer
JM Financial Asset Management Limited
(Investment Manager to JM Financial Mutual Fund)

Place : Mumbai
Date : April 18, 2018

For further details, please contact : JM Financial Asset Management Limited (Formerly known as JM Financial Asset Management Private Ltd.), **Registered Office:** 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025. **Corporate Office:** Office B, 8th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai-400025. Corporate Identity Number: U65991MH1994PLC078879. • Tel. No.: (022) 6198 7777 • Fax No.: (022) 6198 7704. • E-mail: investor@jmf.com • Website : www.jmfinancialmf.com

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

REF No. 8/2018-19