

NOTICE-CUM-ADDENDUM

NOTICE-CUM-ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION (SAI), SCHEME INFORMATION DOCUMENT (SID) & KEY INFORMATION MEMORANDUM (KIM) OF THE SCHEMES OF JM FINANCIAL MUTUAL FUND (THE FUND).

1) Treatment of financial transactions received through distributors whose AMFI registration/ARN has been suspended temporarily or terminated permanently

Investors are requested to note that pursuant to the AMFI Best Practices Guidelines Circular No.81 / 2019-20 on "Standard Process for treatment of business received through suspended distributors", in case of breach of Code of Conduct by a mutual fund distributor, the ARN of such distributor may be suspended temporarily and the person is debarred from marketing or selling any mutual fund schemes during the period of suspension and is not eligible to receive any commission or incentive, etc. for the period of suspension.

During the period of suspension, no commission shall be accrued or payable to the distributor whose ARN is suspended. i.e. during the period of suspension, commission on the business canvassed prior to the date of suspension shall stand forfeited. The above rule shall apply irrespective of whether the suspended distributor is the main ARN holder or a sub-distributor.

All Purchase and Switch transactions, including SIP/STP registered prior to the date of suspension and fresh SIP / STP registrations received under the ARN code of a suspended distributor during the period of suspension, shall be processed under "Direct" Plan" and shall be continued under Direct Plan perpetually*, with a suitable intimation to the unitholder/s mentioning that the distributor has been suspended from doing mutual fund distribution.

*Note: If the AMC receives a written request instruction from the unitholder/s to shift back to Regular Plan under the ARN of the suspended distributor post the revocation of suspension of ARN, the same shall be honoured.

All Purchase and Switch transactions including SIP/STP transactions received through the stock exchange platforms through a distributor whose ARN is suspended shall be rejected, since the money and units pertaining to such transactions move through the Broker Pool account

All the provisions mentioned above shall apply mutatis mutandis to all Purchase/Switch/ SIP/STP transactions received under the ARN code of a distributor who has been permanently debarred from marketing or selling any mutual fund schemes (i.e., whose AMFI registration/ARN has been permanently terminated).

In such cases where the ARN has been permanently terminated, the unitholders may be advised about the option to switch their existing investments under Regular Plan to Direct Plan (with capital gain tax implications) or the option to continue their existing investments under Regular Plan under ARN of another distributor of their choice.

This addendum is applicable w.e.f. from October 31, 2019

2) Demat facility for all subscriptions including daily dividend /weekly dividend and fortnightly dividend

Investors are hereby informed that w.e.f. November 01, 2019, the units under Daily Dividend Option, Weekly Dividend Option or Fortnightly Dividend Option can be subscribed in lump sum (purchase through fresh SIP/switch) or through SIP/STP installments via any channel (including through exchange platforms) in physical or demat mode under any of the Schemes of JM Financial Mutual Funds offering such options.

3) Corrigendum to the notice cum addendum no 9/2019-20

In the notice cum addendum no 9/2019-20 dated September 13, 2019, investors are requested to note that the word "rejections" appearing on the third line of the second paragraph is replaced with "transactions". Other contents of the above addendum remain unchanged.

4) Risk management framework of Liquid Scheme and Investment and Advisory Fees for parking of funds short term deposits

Investors are requested to note that pursuant to SEBI circular no. SEBI/HO/IMD/DF2/CIR /P/2019/101 dated September 20, 2019:

Risk management framework of Liquid Scheme:

JM Liquid Fund will not park funds pending deployment in short term deposits of scheduled commercial banks.

JM Liquid Fund will not invest in debt securities having structured obligations (SO rating) and/ or credit enhancements(CE rating). However, debt securities with government guarantee shall be excluded from such restriction.

The provision as mentioned above shall be effective for all fresh investments from the date of the above circular. Existing investments in this regard shall be grandfathered

Advisory Fees for parking of funds in short term deposits:

The AMC shall not charge investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks from the date of the above circular.

5) Extension of time for disclosure of NAV

Investors are requested to note that pursuant to SEBI/HO/IMD/DF4/CIR/P/2019/102 Circular dated September 24, 2019, the timeline for uploading NAVs of all the Schemes (except Fund of Fund Schemes) has been extended up to 11.00 P.M.

6) Review Of Investment Norms For Mutual Funds For Investment In Debt And Money Market Instruments:

Pursuant to Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2019 dated September 23, 2019 and SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 1, 2019 the prudential limits in sector exposure applicable to debt-oriented schemes have been revised. In view of the same, the existing clause on sector exposure under sub-section "WHAT ARE THE INVESTMENT RESTRICTIONS?" under section "II. INFORMATION ABOUT THE SCHEME", in the SIDs of debt oriented schemes of the Mutual Fund stands replaced with the following:

Investment in listed and unrated debt instruments.

Reference in SID	Revised Provisions
Under section – II 'Information about the schemes', under Sub section – H 'WHAT ARE THE INVESTMENT RESTRICTIONS?'	The Scheme shall not invest in unlisted debt instruments including commercial papers, except Government Securities and other money market instruments Provided that the Scheme may invest in unlisted non-convertible debentures up to a maximum of 10% of the debt portfolio of the scheme subject to such conditions as may be specified by SEBI from time to time. Provided further that the Scheme shall comply with the norms under this clause within the time and in the manner as may be specified by SEBI. Provided further that the norms for investments by the Scheme in unrated debt instruments shall be specified by SEBI from time to time.

Change in sector level exposure of debt schemes of JM Financial Mutual Fund.

SEBI, vide Circular no. SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 01, 2019 has modified the existing sector level exposure limits in debt Schemes of JM Financial Mutual Fund as follows:

- The sector exposure limit has been capped at 20% as against 25%.
- The additional exposure limits provided for Housing Finance Company (HFCs) in financial services sector has been capped at 10% as against 15%. Further, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio.
- However, the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme.

The above revised sector exposure limits at sector level shall inter – alia be applicable as under:

- All fresh investments by existing schemes shall henceforth be in compliance with the revised exposure limits.
- Existing open ended mutual fund schemes shall comply with the revised limits for sector exposure by April 01, 2020

Group Level exposure Limits.

SEBI, vide Circular no. SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 01, 2019 has modified the existing group level exposure limits by debt Mutual Fund Schemes as follows:

- in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme. Such investment limit may be extended to 25% of the net assets of the scheme with the prior approval of the Board of Trustees.
- in debt and money market instruments of group companies of both the sponsor and the AMC shall not exceed 10% of the net assets of the scheme. Such limit may be extended to 15% of the net assets of the scheme with prior approval of Board of Trustees.

For this purpose, a group means a group as defined under regulation 2 (mm) of SEBI (Mutual Funds) Regulations, 1996 (Regulations) and shall include an entity, its subsidiaries, fellow subsidiaries, its holding company and its associates.

7) Investment in unlisted equity shares or equity related instruments

Investors are requested to note that pursuant to the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2019 dated September 23, 2019, the below mentioned existing provision in the SID of the Equity and Hybrid Schemes of JM Financial Mutual Fund are revised as follows:

Reference in relevant SID	Revised Provisions
Under section – II 'Information about the schemes', under Sub section – H 'WHAT ARE THE INVESTMENT RESTRICTIONS?'	All investments by the Scheme in equity shares and equity related instruments shall only be made provided such securities are listed or to be listed.

8) Change in Benchmark of JM Low Duration Fund, JM Money Market Fund and JM Ultra Short Term Fund.

Notice is hereby given that benchmark of the following schemes of JM Financial Mutual Fund have been modified as under:

Name of the Scheme	Existing Benchmark	Revised Benchmark
JM Low Duration Fund	Crisil Liquid Fund Index	CRISIL Low Duration Index
JM Money Market Fund	Crisil Liquid Fund Index	Crisil Money Market Index
JM Ultra Short Duration Fund	Crisil Liquid Fund Index	CRISIL Ultra Short Term Index

This notice-cum-addendum shall form an integral part of the SAI/SID/KIM of the aforesaid Schemes of the Mutual Fund, as amended from time to time.

Place : Mumbai
Date : October 30, 2019

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

For further details, please contact :

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

REF No. 13/2019-20