

NOTICE IS HEREBY GIVEN to the unit holders of JM Equity & Derivative Fund, an income oriented interval scheme of JM Financial Mutual Fund ("Mutual Fund"), that the Boards of Directors of JM Financial Asset Management Private Limited, ("JM AMC"), Investment Managers to the Mutual Fund, and JM Financial Trustee Company Private Limited, ("JM Trustee"), Trustees to the Mutual Fund have approved the change in the name, investment objective and the asset allocation of the Scheme and the consequent conversion of the Scheme from an Income Oriented Interval Scheme to an Open Ended Equity Scheme.

Accordingly the following changes are proposed in JM Equity & Derivative Fund w.e.f. 2nd February, 2009

a) Change of name of the scheme to: JM Nifty Plus Fund

b) Change of investment objective of the Scheme

The Investment objective of the scheme will be to generate investment returns by predominantly investing in S & P CNX Nifty Stocks and Nifty and its 50 constituents in the same weightages as its composition and through deployment of surplus cash in debt and money market instruments and derivative instruments.

Consequent to the above change in the investment objective of the Scheme, the scheme will undergo a change from an income oriented interval scheme to an open ended equity scheme and will be subject to the provisions of Equity Scheme.

c) Change of asset allocation pattern of the Scheme

The asset allocation pattern would also undergo a change as follows

Under normal circumstances the Asset allocation of the Scheme would be

Security	Maximum Exposure (%)	Risk Profile
Investment in Equity (Nifty Stocks)	65 - 100	High
Nifty Futures	35 - 100	High
Nifty Options, Pair Strategies & Cash Future Arbitrage	0 - 25	Medium to High
Debt including FD for derivatives Exposure	0 - 35	Low to Medium

The notional value of derivatives shall not exceed the AUM of the scheme.

d) Investment Options

Dividend and Growth

Consequent to the conversion of JM Equity & Derivative Fund into an equity scheme, the Scheme would offer 2 investment options which are Growth and Dividend Options. Investors in the Dividend Option (Pay out or Reinvestment) and Growth Option in the existing scheme will be shifted to the Dividend Option (Pay out or Reinvestment) and Growth Option respectively of JM Nifty Plus Fund. Investors wishing to switch between the 2 Options can only exercise the option to switch, after the conversion of the Scheme into an equity scheme by following normal procedure for switches.

Existing Investors under Bonus Option of JM Equity & Derivative Fund

As there will be no Bonus Option under the JM Nifty Plus Fund, the existing investors under the Bonus Option of JM Equity & Derivative Fund will have to switch to Dividend or Growth Option in case they wish to continue in the Scheme by filling in the attached Change in Option Form. In case, the investors fail to submit their Option Form, they will be compulsorily shifted to the Dividend Reinvestment option of JM Nifty Plus Fund. Investors should note that the switching from the Bonus Option to the Dividend/Growth Option in JM Nifty Plus Fund will have tax benefits/ implications and the investor will be liable to pay long term or short term capital gains tax depending upon the period of holding upto the date of conversion

JM Equity & Derivative Fund is an Interval Scheme and hence all valid redemption/switch out requests received up to 3.00 p.m. on or before 23rd January, 2009 will be processed on 29th January, 2009 as per the current practice. However, in view of the above conversion, the concept of Interval Period will be dropped with effect from 23rd January 2009 after 3.00 p.m. Hence, all the valid redemption/switch out requests received up to 3.00 p.m. on 29th January, 2009 will also be processed on 29th January, 2009 with the NAV applicable for 29th January, 2009. In case of those investors who do not exercise their exit option till the last day of the exit option, their investments under JM Equity & Derivative Fund outstanding on the last day of Exit Option, will be compulsorily switched out on 29th January, 2009 as per Ex-dividend/Ex-Bonus (if any bonus/ dividend is declared with 29th January 2009 as the Record Date) NAV and will be switched-into to the respective Growth or Dividend (payout/reinvestment) option of the converted JM Nifty Plus Fund. The units under JM Nifty Plus Fund will be allotted on 2nd February, 2009, at the Face Value of Rs. 10/- without any entry load for the entire amount of Switch-out proceeds from Equity & Derivatives Fund. The Scheme will open for fresh purchases/redemptions/switch transactions from 3rd February, 2009.

Kindly also note that the investments held by you till the date of switching out from JM Equity & Derivative Scheme will have tax implications as are applicable to a debt scheme. On switching in to equity scheme i.e. JM Nifty Plus Fund, the investments will be subject to the tax implications as applicable to an equity scheme. However, investors may seek independent advice from his tax advisor.

After conversion of the scheme to an Equity Scheme i.e on or after 3rd February, 2009

Investors are requested to indicate their preference while investing in the Scheme. **In case an investor fails to specify his preference, he shall be deemed to have opted to select the Growth Option.**

Dividend Option shall offer investors the facilities of : (a) Dividend Payout and (b) Dividend Reinvestment. Under dividend reinvestment, dividends declared will be reinvested into the Plan / Scheme. **In case, an investor fails to specify his/her sub-optimal preference under dividend option, he/she shall be deemed to have opted to select the dividend reinvestment option.** However, in case the dividend payable to any unit holder is below Rs. 100/-, then the same will be automatically reinvested.

Systematic Investment Plans (SIP)/ Systematic Transfer Plans (STP)/ Systematic Withdrawal Plans (SWP)

The existing requests for SIP/STP/SWP in JM Equity & Derivative scheme (An Income oriented scheme) will stand cancelled and investors will be exempted from adhering to the minimum specified criteria for valid SIPs/STPs/SWPs. The investors will have to make a fresh application for registering their SIPs/STPs/SWPs request in the converted equity Scheme i.e JM Nifty Plus Fund.

The scheme will adhere to the requirements of SEBI Circular no. SEBI/IMD/Circ. No. 10/22701/03 dated December 12, 2003 read with SEBI Circular no. SEBI/IMD/Circ. No. 1/42529/05 dated June 14, 2005 and subsequent relevant circulars issued on minimum number of investors and maximum permissible holding by single investors on the conversion date /within three month from the date of conversion or the end of the succeeding calendar quarter from the date of conversion, whichever is earlier.

d) Load structure – There will no entry load when the investors shift from the existing scheme to the converted scheme. However, after the conversion of the Scheme, the exit load as applicable on the date of conversion, will be charged, if the units are redeemed/switched out with in the applicable lock in period set out in the table below. The start date will be calculated w.e.f. 2nd February, 2009.

The normal load structure of equity schemes is as under and will also be applicable to the converted scheme.

Particulars	Entry Load	Exit Load
In case of investments < Rs. 3 crores	2.25%	1% if redeemed within 1 year of allotment / transfer/conversion of units
In case of investments > = Rs. 3 crores	Nil	0.5% if redeemed within 3 months of allotment/transfer/conversion of units
In case of investments made through Systematic Investment Plan	2.25%	1% if redeemed within 1 year of allotment / transfer/conversion of units
In case of Systematic Transfer Plan	Nil	2.25% if redeemed within 2 years of allotment/ transfer of units of respective installments

e) Bench Mark:- The Benchmark of the scheme would be – S&P CNX Nifty Index

f) Cut-off timings for investment

Upon conversion to an open ended equity Scheme, JM Nifty Plus Fund would adopt the disclosures as appropriate for an equity scheme w.r.t cut-off timings for investment as applicable. i.e 3.00 p.m. on all Business Days.

g) Tax Benefits/ Implications:-

Kindly note that the investments held by you till the date of switching out from JM Equity & Derivative Scheme will have tax implications as are applicable to a debt scheme. On switching in to equity scheme i.e. JM Nifty Plus Fund, the investments will be subject to the tax implications as applicable to an equity scheme. However, investors may seek independent advice from his tax advisor.

As per SEBI Regulations, the above changes are construed as changes in the fundamental attributes of the Scheme. In accordance with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996 an exit option is being provided to the existing unit holders under all the Plans of JM Equity & Derivative Fund who do not agree to the above proposal.

This notice is to keep the unit holders informed in terms of the prevailing regulatory requirements. If a unit holder has no objection to the above proposal, no action needs to be taken by him and it would be deemed that the unit holder has consented to the aforesaid proposal or the unit holder can convey his consent vide the consent form sent to him vide letter dated 27th December, 2008. However, in case the unit holder does not agree to the same, he has the option to redeem/switch-out all/partial (by leaving atleast 500 units) units by filling out the normal redemption/switch out transaction slip and submitting the same to any of the Investor Service Centres of JM Financial Mutual Fund or the Registrar and Transfer Agent, Karvy Computershare Private Limited ("Karvy"), on or before 3.00 p.m. up to 29th January, 2009. This option to exit without payment of exit load can be exercised from 31st December, 2008 to 29th January, 2009 (both days inclusive but upto 3.00 p.m on the last date of the exit option). If an investors wishes to opt for the exit option set forth above, then he/she may redeem/switch-out the units of the Scheme held by them, save for the exceptions set out below:

The option to exit is available to all unit holders except for unit holders who have:

- pledged their units, unless they procure a release of their pledges and exercise their exit option upto 3.00 p.m on 29th January, 2009.
- whose units are marked under lien/ injunction in accordance with the instructions of any Court of law/ Income Tax Authority/ other Regulatory Authority unless they get the vacation order & exercise their exit option up to 3.00 p.m. on 29th January, 2009.

Shut Period

The Scheme will be shut for financial transactions from 29th January, 2009 (after 3.00 p.m) to 1st February, 2009. However non financial transactions would be allowed during the said period. In case a financial transaction is received during the shut period, the same will be processed on conversion of the scheme to an open ended equity scheme as per the provisions of Equity Schemes.

The conversion of the scheme from an Income Oriented Interval Scheme to an Open Ended Equity Scheme will happen on 2nd February, 2009 as per the above mentioned procedure and the changes set out hereinabove will be effective from 2nd February, 2009. However, the Scheme will open for fresh purchases/ switch-ins from 3rd February, 2009.

Unit holders in the above Scheme as on 27th December, 2008 have been informed by individual communication along with the addendum to the Offer Document detailing the proposed changes to the JM Equity & Derivative Fund. Investors in the scheme, after 27th December, 2008, will also be kept informed of the details by the proposed changes in JM Equity & Derivative Fund. Such of those unit holders who do not receive the communication latest by 31st December, 2008 may contact the Registrar – M/s. Karvy Computershare Private Limited, 21, Avenue 4, Street No. 1, Banjara Hills, Hyderabad-500 034.

For further information/assistance in this regard call our Investor Service Centre at Mumbai: 91-22-3987 7777, or visit us at www. JMFinancialmf.com or e-mail us at mktg@jmfincial.in

Nityanath P. Ghanekar

Managing Director & Chief Executive Officer

JM Financial Asset Management Private Limited

(Investment Managers to JM Financial Mutual Fund)

Place : Mumbai

Date : December 29, 2008

For further details, please contact:

Corporate Office : JM Financial Asset Management Private Limited,

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E-Mail: mktg@jmfincial.in • **Website :** www.JMFinancialmf.com

Investment Objective: JM Equity & Derivative Fund (an income scheme - interval fund). The primary investment objective of the scheme is 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. However, there can be no assurance that the investment objective of the scheme will be realized. The scheme does not guarantee/indicate any returns. **JM Nifty Plus Fund:** The Investment objective of the scheme will be to generate investment returns by predominantly investing in S & P CNX Nifty Stocks and Nifty and its 50 constituents in the same weightages as its composition and through deployment of surplus cash in debt and money market instruments and derivative instruments.

Statutory Details: Trustee: JM Financial Trustee Company Private Limited. **Investment Manager:** JM Financial Asset Management Private Limited. **Sponsor:** JM Financial Limited.

Risk Factors: Mutual fund investments are subject to market risks and there is no assurance or guarantee that the objectives of the Fund will be achieved. As with any investment in securities, the Net Asset Value ("NAV") of the Units issued under the scheme can go up or down depending on the factors and forces affecting the capital markets. Past performance of Sponsor / AMC / Schemes of JM Financial Mutual Fund does not indicate the future performance of the schemes of JM Financial Mutual Fund. The sponsor is not responsible or liable for any loss resulting from the operation of the fund beyond the initial contribution made by it of an amount of Rupees One lac towards setting up of the Mutual Fund, which has been invested in JM Equity Fund. JM Equity & Derivative Fund is only the name of the scheme and does not in any manner indicate either the quality of the scheme or its future prospects or returns. Investors in the Scheme are not being offered any guaranteed / indicative returns. The dividend, if declared would be on the face value of Rs.10/- per unit. **Please read the offer document carefully before investing.**