

ADDENDUM No. 20/2013**Introduction of Bonus Option in IDBI Liquid Fund and IDBI Ultra Short Term Fund**

IDBI Liquid Fund and IDBI Ultra Short Term Fund currently provide investors with two options for investment in their Direct and Regular Plans – Dividend option and the Growth option. While the dividend option seeks to distribute the returns through declaration of dividends at various frequencies (subject to availability of distributable surplus), the Growth option provides investors the opportunity to realize returns in the form of capital gains. Both these schemes are not guaranteed schemes and no returns are assured under these schemes.

In addition to these two options, we now propose to introduce another option in the scheme – Bonus option. Under the Bonus option, the IDBI Mutual Fund may consider issuance of bonus units at periodic intervals subject to the availability of distributable surplus and at the discretion of the Fund Manager.

Bonus option will provide investors with another mode to realize returns – in the form of bonus units - in addition to dividend or capital gains. Besides the mode of distribution of returns, all other characteristics of the Bonus option will be the same vis-à-vis that of the Dividend option or the Growth option. The fundamental attributes of the Bonus option – nature and duration of the scheme, investment objective and policies, asset allocation pattern, expenses and fees, provisions for sale and repurchase, shall continue to remain the same as is stated in the Scheme Information Document (SID) of IDBI Liquid Fund and IDBI Ultra Short Term Fund. All Plans and their options (including Bonus option) will be managed under a common (single) portfolio in each of these two schemes. The load structure applicable for Dividend option and Growth option will also be applicable for the Bonus option. Any expense incurred towards the introduction/launch of the Bonus option will be borne by the AMC.

The launch date of the Bonus option in IDBI Liquid Fund and IDBI Ultra Short Term Fund is December 17, 2013.

Existing investors in the Scheme can opt for the bonus option and will be permitted to switch over their holdings to the bonus option on or after the launch date at the prevailing NAV without any exit load. Fresh purchases into the scheme for the bonus option, prior to the launch date, will be permitted in the growth option under each Plan. On the launch date, such fresh purchases will be switched into the bonus option at the prevailing NAV without any exit load. Further, on the launch date the Bonus option will be carved out of the growth option from the corpus which has opted to switch to bonus option. From the launch date of the Bonus option, both Regular and Direct Plans will declare separate NAV for dividend, growth and bonus options. Investors are advised to consult their tax advisors to understand the tax liability that may arise due to switchover between options in a mutual fund scheme or investing in the bonus option in these schemes.

Impact of bonus issue on the Investment

The issuance of bonus units will not impact the value of holding but will only increase the number of units held by the investor in the bonus option. ***However pursuant to the allotment of bonus units the NAV of the scheme will fall in proportion to the bonus units allotted but the total value of units held by the investor would remain the same.*** This is illustrated by the following example:

Amount invested	100,000
NAV at the time of investment	1,000
Number of units allotted	100
Date of investment	2-Jun-12
Current NAV	1,259.6285
Value of Holding (current NAV*units)	125,962.85
Current NAV date	2-Apr-13
Bonus units ratio	1:4
Increase in number of units	25%
Number of units after bonus	125
NAV post bonus	1007.7028
Value of holding after bonus issue (NAV post bonus*units post bonus)	125,962.85
Change in value of holding after bonus issue	0.00

In this hypothetical example, the scheme declares a bonus of 1 unit for every four units (ratio of 1:4) at the NAV of Rs. 1259.6285. This means that for every four units that an investor holds, one bonus unit will be issued. In the above example since the investor holds 100 units, this investor will be issued 25 units as bonus units.

This would increase the number of units held by you to 125 units. The NAV would however reduce to Rs. 1007.7028 (i.e. 1,259.6285 /1.25) on account of the bonus issue but the value of the holding remains unchanged.

The above illustration is only for the purpose of understanding the concept of bonus units issue and is not indicative of the Scheme performance.

For any queries regarding the introduction of the bonus option, you may get in touch with our branches or write to us at contactus@idbimutual.co.in or call us on the toll free number 1800-22-4324.

For IDBI Asset Management Ltd.
(Investment Manager for IDBI Mutual Fund)

Place : Mumbai
Date : 13th December, 2013

Sd/-
Compliance Officer

Statutory Details: IDBI Mutual Fund has been set up as a trust sponsored by IDBI Bank Ltd. with IDBI MF Trustee Company Ltd. as the Trustee (Trustee under the Indian Trusts Act, 1882) and with IDBI Asset Management Ltd. as the Investment Manager. **Risk Factors:** Mutual Fund investments are subject to market risks, read all scheme related documents carefully. For further information please contact: IDBI Asset Management Ltd., 5th Floor, Mafatlal Centre, Nariman Point, Mumbai -400 021.