

IDBI Asset Management Limited

CIN: U65100MH2010PLC199319

Registered Office: IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai - 400005

Corporate Office: 4th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai - 400005

Tel: (022) 66442800 **Fax:** (022) 66442801 **Website:** www.idbimutual.co.in **E-mail:** contactus@idbimutual.co.in

NOTICE CUM ADDENDUM NO. 31/2021-22

Introduction of Mandatory Swing Pricing Framework during market dislocation:

Investors are requested to note that SEBI vide circular no. SEBI/HO/IMD/IMD-II DOF3/P/ CIR/2021/631 dated September 29, 2021 has introduced swing pricing framework for open-ended debt mutual fund schemes (except Overnight funds, Gilt funds and Gilt with 10-year maturity funds) to be effective from March 01, 2022.

SEBI has prescribed swing pricing for scenarios related to net outflows from the schemes. Accordingly, a mandatory full swing price framework, during market dislocation times (as and when declared by SEBI), for high or very high risk open-ended debt schemes is being introduced in scheme provisions of the Eligible Schemes as given below.

- Eligible schemes:**
 - IDBI Credit Risk Fund
 - IDBI Dynamic Bond Fund
 - IDBI Short Term Bond Fund
 - IDBI Ultra Short Term Fund
- Swing Pricing:** Swing pricing refers to a process of 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. Swing pricing is aimed at reducing the impact of large redemptions, particularly during market dislocation, on existing investors by reducing dilution of the value of units of a Mutual Fund scheme.
- Market Dislocation Period:** Market dislocation would be declared and notified by SEBI. Swing pricing will be applicable for a specified period as notified by SEBI.
- Applicability of Swing Pricing Framework:** Subsequent to the announcement of market dislocation by SEBI, the swing pricing framework shall be mandated only for the Eligible Schemes which:
 - have high or very high risk on the risk-o-meter in terms of SEBI circular 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
 - 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 SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 7, 2021.
- Swing Factor:** The swing factor as given below will be applicable. This shall be made applicable to the schemes mentioned above and meeting applicability requirements mentioned above. The NAV of eligible schemes will be adjusted downwards for both the incoming and outgoing investors.

Swing factor for eligible schemes

Max Credit Risk of scheme →	Class A (Credit Risk Value >=12)	Class B (Credit Risk Value >=10)	Class C (Credit Risk Value <=10)
Max 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%

- Applicability of Swing Pricing to Investors:** When swing pricing mechanism is triggered and swing factor is made applicable during market dislocation, both the incoming and outgoing investors shall get NAV adjusted for swing pricing. Swing pricing shall be made applicable to all unitholders at PAN level, with an exemption for redemptions up to Rs. 2 lakhs for each mutual fund scheme for market dislocation.
- Illustration:**
Effect on the NAV for incoming and outgoing investors in the scheme where swing pricing is made applicable:
Consider an Eligible Scheme which has a high risk-o-meter and the PRC Matrix of Class B-III during the declaration of 'market dislocation' period by SEBI.
As per the framework mandated, the swing factor applicable will be 1.5%.
The NAV adjustment for all subscriptions (including switch-ins) and redemptions (including switch-outs) will be as below:

Unswung NAV on a particular date	10.00
Swing Factor applied for the eligible scheme in Class B-III	1.5%
Effect on NAV for Swing Factor	0.15

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

- Computation of NAV for purpose of scheme performance:** The scheme performance shall be computed based on unswung NAV.
- Disclosures pertaining to NAV adjusted for swing factor:** Disclosures pertaining to NAV adjusted for swing factor along with the performance impact (in the following format as prescribed by SEBI) shall be made in the SIDs of respective schemes and in scheme wise Annual Reports and Abridged summary and the same shall be disclosed on the website prominently only if swing pricing framework has been made applicable for the said mutual fund scheme.

Sr. No	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing Factor applied	Whether Optional or Mandatory

The Swing Pricing Framework is subject to the operational guidelines issued by SEBI/AMFI from time to time.

This Addendum shall form an integral part of Scheme Information Document / Key Information Memorandum of the eligible Schemes of IDBI Mutual Fund, as amended from time to time.

All others features and terms and conditions as stated in the SID/KIM of the eligible Schemes shall remain unchanged.

For IDBI Asset Management Limited
(Investment Manager to IDBI Mutual Fund)

Place : Mumbai
Date : February 15, 2022

Company Secretary and Compliance Officer

Statutory Details: IDBI Mutual Fund has been set up as a trust sponsored by IDBI Bank Limited with IDBI MF Trustee Company Limited as the Trustee ("Trustee" under the Indian Trusts Act, 1882) and with IDBI Asset Management Limited as the Investment Manager.

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