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### NOTICE-CUM-ADDENDUM

#### Notice-cum-Addendum to the Statement of Additional Information (SAI) to the schemes of ICICI Prudential Mutual Fund

Investors are requested to note that the AMC has proposed change in fundamental attributes of ICICI Prudential Multi-Asset Fund. One of the changes proposed is inclusion of provisions related to creation of segregated portfolios in the scheme information document of the said scheme. The detailed process followed for segregation of portfolios shall be specified in the SAI and is captured below for the information of investors:

'The AMC may create a segregated portfolio of debt and money market instruments in a mutual fund scheme, wherein provisions for creation of segregated portfolios are available in the scheme information document of the scheme, in case of a credit event and to deal with liquidity risk.

In this regard, the term 'segregated portfolio' shall mean a portfolio comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme and the term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio. The term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

A segregated portfolio may be created in a mutual fund scheme in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:

- Downgrade of a debt or money market instrument to 'below investment grade', or
- Subsequent downgrades of the said instruments from 'below investment grade', or
- Similar such downgrades of a loan rating.

In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as detailed above and implemented at the ISIN level.

#### Process for creation of segregated portfolio:

- The AMC shall decide on creation of segregated portfolio on the day of credit event, as per the process laid down below:
  - The AMC shall seek approval of Trustees, prior to creation of the segregated portfolio.
  - The AMC shall immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. It shall also be disclosed that the segregation shall be subject to trustee approval. Additionally, the said press release shall be prominently disclosed on the website of the AMC.
  - The AMC shall ensure that till the time the Trustee approval is received, the subscription and redemption in the scheme shall be suspended for processing with respect to creation of units and payment on redemptions.
- Upon receipt of approval from Trustees:
  - The segregated portfolio shall be effective from the day of credit event.
  - The AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information shall also be submitted to SEBI.
  - An e-mail or SMS should be sent to all unit holders of the concerned scheme.
  - The NAV of both segregated and main portfolio shall be disclosed from the day of the credit event.
  - All existing investors in the scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.
  - No redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests.
- If the trustees do not approve the proposal to segregate portfolio, the AMC shall issue a press release immediately informing investors of the same.
- Notwithstanding the decision to segregate the debt and money market instrument, the valuation shall take into account the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets) in terms of the relevant provisions of SEBI (Mutual Funds) Regulations, 1996 and Circular(s) issued thereunder.
- All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as per the existing circular on applicability of NAV as under:
  - Upon trustees' approval to create a segregated portfolio:
    - Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
    - Investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV.
  - In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.
- In order to enable the existing as well as the prospective investors to take informed decision, the following shall be adhered to:
  - A statement of holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event shall be communicated to the investors within 5 working days of creation of the segregated portfolio.
  - Adequate disclosure of the segregated portfolio shall appear in all scheme related documents, in monthly and half-yearly portfolio disclosures and in the annual report of the mutual fund and the scheme.
  - The Net Asset Value (NAV) of the segregated portfolio shall be declared on daily basis.
  - The information regarding number of segregated portfolios created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC and AMFI websites, etc.
  - The scheme performance required to be disclosed at various places shall include the impact of creation of segregated portfolio. The scheme performance should clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.
  - The disclosures at paragraph (d) and (e) above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/written-off.
  - The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.
- In order to ensure timely recovery of investments of the segregated portfolio, the Trustees to the fund would continuously monitor the progress and take suitable action as may be required.
- TER for the Segregated Portfolio:
  - AMC shall not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in segregated portfolio.
  - The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence.
  - The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.
  - The costs related to segregated portfolio shall in no case be charged to the main portfolio.'

Investors may note that in case of ICICI Prudential Multi-Asset Fund, the above provisions shall become applicable from April 1, 2019.

Investors may also note that the process followed by the AMC/Trust regarding creation of segregated portfolios shall be in accordance with the provisions laid down by SEBI in this regard, from time to time.

This Notice-cum-Addendum forms an integral part of the SAI, read with the addenda issued from time to time.

For ICICI Prudential Asset Management Company Limited

Place: Mumbai

Date : February 26, 2019

Sd/-

Authorised Signatory

No. 018/02/2019

CALL MTNL/BSNL: 1800 222 999 • Others : 1800 200 6666 • Or, apply online at [www.icicipruamc.com](http://www.icicipruamc.com)

As part of the Go Green Initiative, investors are encouraged to register/update their e-mail id and mobile number with us to support paper-less communications.

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