

## **FAQs on Addendum on Segregation of Securities issued by BOI AXA Investment Managers**

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The Securities and Exchange Board of India (SEBI) allowed mutual funds to create segregated portfolios for debt securities which because of various reasons have witnessed drop in their credit quality in the last few quarters. Such securities after requisite approvals and disclosures can be transferred to a new portfolio or segregated portfolio/ side pocket. The existing investors in addition to the existing units would also get new units of segregated portfolio in proportion to the units held by each investor.

In line with the SEBI Guidelines issued from time to time over the last fifteen months regarding segregation or side pocketing of stressed debt securities, BOI AXA Mutual Fund has issued an Addendum for introduction of this facility in ALL its open ended Debt, Hybrid as well as Equity schemes, namely:

- BOI AXA Liquid Fund
- BOI AXA Ultra Short Duration Fund
- BOI AXA Short Term Income Fund
- BOI AXA Credit Risk Fund
- BOI AXA Arbitrage Fund
- BOI AXA Conservative Hybrid Fund
- BOI AXA Equity Debt Rebalancer Fund
- BOI AXA Mid Cap Equity & Debt fund
- BOI AXA Large & Mid Cap Fund
- BOI AXA Manufacturing & Infrastructure Fund
- BOI AXA Tax Advantage Fund
- BOI AXA Small Cap Fund

*The following FAQs would be useful for answering any queries or doubts that you may have on the Addendum and receipt of the Letter in connection with the segregation of Portfolios:*

**1. Why has BOI AXA Investment Managers (BOI AXA IM) issued this Addendum and Letter to Investors regarding Segregation of Portfolios**

The Securities and Exchange Board of India (SEBI) has allowed mutual funds to create segregated portfolios for **Debt instruments** of an issuer as per the provisions of SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018 and SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2019/127 dated November 07, 2019. As this provision is currently not in the Scheme Information Document (SID)/ Key Information Memorandum (KIM) (referred to as “Offer Documents”) of any of our schemes, BOI AXA IM has decided to introduce the same just as an enabling provision to be introduced in the Offer Documents and bring the Offer Documents in accordance to the SEBI Guidelines.

Introduction of aforesaid facility in the Scheme related Documents is considered a change in fundamental attributes of the scheme. Therefore, intimation to all the unit holders has been given.

**2. Why has the addendum been applied to Equity schemes?**

Although segregation of portfolio guidelines are strictly not applicable to Equity schemes, the Addendum has been introduced for Equity schemes as well owing to the fact that the Offer Documents of all Equity Funds allows holding of some debt securities for liquidity purposes. Hence this Addendum is an enabling clause for any future events even though BOI AXA Equity schemes currently do not hold any debt securities.

**3. In that case, do I as an investor need to worry about my existing investments in BOI AXA Equity funds?**

No. This addendum is only an enabling clause to take into account any future events in any debt securities. The current portfolios of BOI AXA Equity funds have no securities that qualify for segregation at this point in time.

Please see the portfolio of all our Equity schemes in the Fund Factsheets and Monthly Portfolio Disclosure available on our website [www.boiaxamf.com](http://www.boiaxamf.com)

**4. Have any securities been segregated or side pocketed in any of the schemes of BOI AXA Mutual fund?**

No. None of the schemes have witnessed any segregation of portfolios till now as our scheme related offer documents did not contain this provision. This addendum would come into effect from May 15, 2020 and only after that date can segregation or side pocketing of stressed debt securities be done if it is approved by the Board of Trustees.

In case of previously impacted marked down securities any recovery from these securities would be to the benefit of unitholders of the scheme present at the time of the recovery.

**5. Will it affect the schemes' NAV?**

The current addendum is only to enable change in offer document provisions and hence doesn't impact the current NAV.

**6. If I do not want to accept the provision of the Segregation of portfolios, what is the procedure to redeem and is there any time period for this?**

The current addendum enables change in the offer document of the scheme. In case any investor (as on April 13, 2020, being a record date) is not agreeable to the proposed changes and thinks that such changes are not in their interest and



wishes to exit from the scheme, may redeem the units through any of the online modes available without any exit load charged between April 15, 2020 and May 14, 2020 before cut off time (except in the case of BOI AXA Tax Advantage Fund where the Section 80C lock-in provision is applicable for 3 years from the date of investment). No exit load provisions would be applicable only to those investors who were registered in the books of BOI AXA Mutual Fund as on April 13, 2020.

If you need any further assistance, please feel free to contact our Customer Engagement Center on 1800-266-2676 / 1800-103-2263 (Toll free) which is currently functional from Monday to Saturday between 09:30 AM to 06:30 PM or write to us on [service@boi-axa-im.com](mailto:service@boi-axa-im.com).

For more information you can also visit our website [www.boi-axa-mf.com](http://www.boi-axa-mf.com)

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