

Union KBC Asset Management Company Private Limited - Investment Manager for Union KBC Mutual Fund

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NOTICE CUM ADDENDUM TO THE SCHEME INFORMATION DOCUMENT (SID) /KEY INFORMATION MEMORANDUM (KIM)/ STATEMENT OF ADDITIONAL INFORMATION (SAI) OF ALL THE SCHEMES OF UNION KBC MUTUAL FUND

NOTICE is hereby given to all the existing and prospective investors of **Union KBC Liquid Fund** and **Union KBC Equity Fund** that it has been decided to implement the following changes in the Scheme Information Document(s)/ Key Information Memorandum(s)/ Statement of Additional Information with effect from **October 01, 2011 (Effective Date)**:

I. Facility & Option to hold Units of the Schemes in the dematerialised mode:

In accordance with the terms of SEBI Circular No. CIR/IMD/DF/9/2011 dated May 19, 2011, it may be noted that investors have an option to subscribe to units in the dematerialised mode in addition to the physical mode of holding (by way of an account statement) from the effective date. Further, existing investors also have an option to convert their physical holdings into the dematerialised mode from the effective date. It may be noted that every Scheme (at an Option level) of Union KBC Mutual Fund held in the dematerialised form shall be identified on the basis of an **International Securities Identification Number (ISIN) allotted** by National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL). The ISIN No. details of the respective option can be obtained from your Depository Participant (DP) or you can access the website link www.nsdl.co.in or www.cdslindia.com. The holding of units in the dematerialised mode would be subject to the guidelines/ procedural requirements as laid by the Depositories viz. NSDL/CDSL from time to time. The investors are requested to note the following in this regard:

• Subscription/Additional Purchase of units under Dematerialised Mode & allotment thereof:

The Applicants intending to hold the Units in dematerialised mode will be required to have a beneficiary account with a DP of the NSDL/CDSL and will be required to mention the DP's Name, DP ID No. and Beneficiary Account No. with the DP in the application form at the time of subscription/ additional purchase of the Units of the respective Scheme(s)/Option(s). The applicant shall mandatorily attach a self-attested copy of the latest demat account statement/client master statement along with the application forms at the time of initial subscription. The application for subscription/additional purchase would be liable to be rejected by the AMC/ Registrar under the following conditions:

- In case the applicants do not provide their Demat Account details in the application form; or
- The demat details provided in the application form are incomplete / incorrect or do not exactly match with the details in the Depository records; and/or
- The mode of holding in the application form does not match exactly with that of the demat mode of holding.

However, it may be noted that in case the application stands rejected due to any of the above reasons, the AMC/ Registrar shall refund the amount to the applicants in line with the provisions of the respective Scheme Information Documents. However, if the applicant has submitted the KYC acknowledgement proof along with the application forms, the units will be allotted in the physical mode 'by default' (without any separate intimation to such applicant) and an Account Statement shall be sent to the Unit holders in accordance with the provisions of the Scheme Information Document of the respective Schemes. It may be further noted that for any such default allotment the "Source Bank Account" (as per the payment instrument submitted along with the application form) shall be considered as the bank mandate for all purposes.

NOTE: It may be noted that the options viz. Daily Dividend, Weekly Dividend and Fortnightly Dividend and the facilities viz. Switch in and out, Systematic Investment Plan (SIP)/ Systematic Withdrawal Plan (SWP)/ Systematic Transfer Plan (STP), if applicable under respective Schemes, are currently NOT available in the dematerialised mode. It may also be noted that units in the demat mode shall only be credited in the DP account on the basis of realization of funds.

• Know Your Customer (KYC) norms:

Applicants intending to hold units in the dematerialised mode would be considered to be KYC compliant as per the DP records and no separate KYC acknowledgement proof needs to be submitted to the AMC/Registrar. However, the submission of KYC acknowledgement proof is **optional**. It may be noted that in case the application stands **rejected** due to any of the reasons specified above under the **clause "Subscription/Additional Purchase of units under Dematerialised Mode & allotment thereof"** under the aforesaid **clause I**, but the applicant has submitted the KYC acknowledgement proof along with the application form, the units will be allotted in the physical mode 'by default' (without any separate intimation to such applicant) and an Account Statement shall be sent to the Unit holders in accordance with the provisions of the Scheme Information Document of the respective Schemes.

• Conversion of Units from Physical mode to Dematerialised mode:

If the Unit holder desires to convert the Units in a dematerialised form at a later date, the unitholder will be required to have a beneficiary account with a DP of the NSDL/CDSL and will have to submit the account statement along with a request form viz. Conversion Request Form (CRF)/ Demat Request Form (DRF) to the DP asking for the conversion of units into demat form. It may be noted that it is necessary to mention the ISIN No. of the respective option on the CRF/ DRF. The ISIN No. details of the respective option held by you can be obtained from your DP or you can access the website link www.nsdl.co.in or www.cdslindia.com. The CRF/DRF can be obtained from the respective DP's. The Unit holders will be required to comply with the following process for conversion of units to demat form:-

- The account statement along with a CRF/DRF in triplicate will be required to be submitted to the DP.
- The combination/sequence of names in the account statement must be in the same order as appearing in Unit holder's demat account. Further, the mode of holding in the account statement and demat account shall also be the same.
- The account statements will be defaced on the face by marking "Surrendered for Dematerialization" by the DP.
- The request form will be required to be signed by "all" the Unit holders in case of joint holding.
- On verification of the correctness and completeness of the CRF/DRF and signature verification, necessary action will be initiated by NSDL/ CDSL with the AMC/ Registrar for conversion of units from physical mode to dematerialised mode.
- On processing of the request in the NSDL / CDSL system, the number of units as reflecting in the account statement will be transferred from the Unit holder's folio to NSDL / CDSL (as the case may be) and thereafter, these units will get credited to the DP account of the Unit holder. Unit holders are requested to contact any of the Investor Service Centres/ DP for any further guidance in this regard.

• Dividend option under Dematerialised mode:

In case of Units under the dividend option held in dematerialised mode, the Depositories (NSDL/CDSL) will give the list of demat account holders and the number of Units held by them in electronic form on the Record date to the AMC/Registrar. The dividend pay-out will be credited to the bank account of the investor, as per the bank account details recorded with the DP. **It may be noted that Daily Dividend, Weekly dividend, and fortnightly dividend options under respective Schemes are currently NOT available in the dematerialised mode.**

• Bank Mandate under Dematerialised mode:

In case of those unit holders, who hold units in demat form, the bank mandate available with the respective DP will be treated as the valid bank mandate for the purpose of pay-in at the time of subscription or purchase/ pay-out at the time of maturity or at the time of any corporate action. In view of the above, Multiple Bank Mandate registration facilities with the AMC will not be applicable to Demat account holders.

• Account Statement under Dematerialised mode:

Investors shall receive the demat account statement/demat holding statement directly from the DP with whom the investor holds the DP account. The statement issued by the DP will be deemed adequate compliance with the requirements in respect of dispatch of Statement of Account. In case of any specific requirements/queries on the account statement, investor should directly contact the respective DP's.

• Redemption under Dematerialised mode:

The investor who holds units in the demat mode is required to place an order for redemption (subject to applicable limits prescribed in SID, if any or as may be communicated from time to time) directly with the DP. The investors should provide request for redemption to their DP along with Depository Instruction Slip and such other documents as may be specified by the DP. The redemption requests submitted to the AMC/ Registrar directly are liable to be rejected. Further, it may be noted that the date and time available in the electronic feed from the DP sent to the AMC/Registrar will only be considered for the purpose of determination of Applicable NAV. The redemption proceeds will be credited (within the time stipulated in the SID) to the bank account of the investor, as per the bank account details recorded with the DP.

• Re-materialization process:

Re-materialization of Units will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 1996 as may be amended from time to time.

• Transferability of Units under Dematerialised mode:

The Units of the Scheme held in the dematerialised form will be fully and freely transferable (subject to lock-in period, if any and subject to lien, if any marked on the units) in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996 as may be amended from time to time and as stated in SEBI Circular No. CIR/IMD/DF/10/2010 dated August 18, 2010. Further, for the procedure of release of lien, the investors shall contact their respective DP.

• Non-financial transactions under Dematerialised mode:

For those investors who hold units in Demat mode, all non-financial transaction such as Change in Address, Bank Mandate, Nominee Registration etc should be routed directly through their DP's as per the format defined by them. Non-financial transaction request from demat account holder submitted directly to the AMC/ Registrar are liable to be rejected.

• Investor Grievance Mechanism:

It may be noted that all grievances/ complaints with regard to demat mode of holding shall be routed only through the DP/ NSDL/ CDSL.

• Clarifications for the dematerialised mode of holding:

It is further clarified that the demat mode of holding is subject to the following:

- Mandatory Submission of the PAN details along with the necessary proofs in accordance with the provisions of the SAI;
- Provisions of "Non-Acceptance of Third Party Payment Instruments for subscription/investments of units" under the section "How to Apply" in the SAI.
- Submission of such other mandatory authority documents as may be specified in the application forms for individual/

non-individual category of investors;

- d. All communications under demat mode of holding shall be on the basis of DP ID and client ID submitted in the application form and no separate folio shall be created for the same;

II. Deduction of Transaction Charge for investments through Empanelled Distributors of the Fund:

In accordance with the terms of SEBI Circular Cir/IMD/DF/13/2011 dated August 22, 2011 on Transaction Charges, the AMC/Mutual Fund shall deduct the Transaction Charges on purchase / subscription received from first time mutual fund investors and investor other than first time mutual fund investors through the distributor (**who have specifically opted to receive the transaction charges**) as under:

• First Time Mutual Fund Investor (across Mutual Funds):

Transaction charge of ₹ 150/- for subscription of ₹ 10,000 and above will be deducted from the subscription amount and paid to the distributor/agent of the first time investor and the balance shall be invested.

• Investor other than First Time Mutual Fund Investor:

Transaction charge of ₹ 100/- per subscription of ₹ 10,000 and above will be deducted from the subscription amount and paid to the distributor/agent of the existing investor and the balance shall be invested.

It may be noted that the transaction charges shall be subject to the following:

- Transaction charges in case of investments through Systematic Investment Plan (SIP) shall be deducted only if the total commitment (i.e. amount per SIP installment x No. of Installments) amounts to ₹ 10,000/- or more. The Transaction Charges shall be deducted in 4 equal installments commencing from the second SIP installment.
- Distributors shall be able to choose to "opt in" OR "opt out" of charging the transaction charge. However, the option exercised by the Distributor is required to be at distributor level and not investor level i.e. a distributor shall not charge one investor and choose not to charge another investor.
- Transaction charges shall not be deducted for:
 - a. purchases/subscriptions for an amount less than ₹ 10,000/-;
 - b. transactions other than purchases/subscriptions relating to new inflows such as Switch/STP/SWP/Dividend Sweep etc.
 - c. purchases/subscriptions made directly with the Fund (i.e. not through any distributor).
 - d. Transaction routed through the Stock Exchange mechanism as and when such mechanism shall be allowed.

It may be further noted that the transaction charges are in addition to the existing system of commission permissible to the Distributors. It is further clarified that pursuant to SEBI Circular No. SEBI/IMD/CIR No. 4/168230/09, dated June 30, 2009, upfront commission to distributors shall continue to be paid by the investor directly to the distributor by a separate cheque based on his assessment of various factors including the service rendered by the distributor.

III. Dispatch of Consolidated Account Statement (CAS):

In accordance with Regulation 36 of SEBI (Mutual Funds) Regulations, 1996 and SEBI (Mutual Funds) (Amendment) Regulation, 2011 which was notified in the Official Gazette of India on August 30, 2011, and as per the terms of SEBI Circular No. Cir/IMD/DF/16/2011 dated September 8, 2011, it may be noted that the following provisions shall be applicable **on or after the effective date**:

- AMC/Registrar shall allot the units to the applicant whose application has been accepted and shall send confirmation specifying the number of units allotted to the applicant by way of email and/or SMS's to the applicant's registered email address and/or mobile number as soon as possible but not later than *five working days* from the date of receipt of the request from the unit-holders;
- A Consolidated Account Statement for each calendar month will be issued, on or before tenth day of the succeeding month, detailing all the transactions and holding at the end of the month including transaction charges paid to the distributor, across all Schemes of all Mutual Funds to all the investors in whose folios transaction has taken place during that month.
- In case of investors in whose folios no transaction has taken place during any half yearly period ended September/ March, a Consolidated Account Statement for such a half yearly period will be issued, on or before tenth day of the succeeding month, detailing the holding at the end of the respective six month period across all Schemes of all mutual funds.
- For the purpose of sending a Consolidated Account Statement, the investors shall be identified as a common investor across all schemes of mutual funds by way of the Investor's Permanent Account Number. In case the investor has not updated his PAN details in any folio, such details would not be consolidated.
- It is clarified that the word 'transaction' shall include purchase, redemption, switch dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan, and bonus transactions.
- It may be noted that for investors whose e-mail addresses are available and registered across any of the Mutual Fund/AMC's, the CAS may be sent by way of an e-mail communication only on any/all of the registered email addresses.
- In case the account has more than one registered holder, the CAS shall be sent to the first holder.
- Investors may note that dispatch of CAS across all mutual funds requires consolidation of transactions across all Fund Houses and the AMC shall not be responsible for any errors/omissions except any error/omission pertaining to the transactions relating to any Schemes of Union KBC Mutual Fund.
- For investors holding units in dematerialized mode, provision of CAS shall not be applicable.

IV. Mailing of Annual Report or Abridged Summary of the Annual Report:

In accordance with Regulation 56 (1) of SEBI (Mutual Funds) Regulations, 1996 and amendments thereto and SEBI circular No. Cir/IMD/DF/16/2011 dated September 8, 2011, with regard to mailing of annual report and abridged summary thereof, the following provisions shall be applicable **on and after the effective date**:

- Scheme wise annual report or an abridged summary thereof shall be sent by the AMC/Mutual Fund/Registrar to the Unit holders whose e-mail address is available and registered with the AMC/Registrar/Fund by email communication only. Investors who still wish to receive these reports in the physical mode may specifically communicate such preference to the AMC/Registrar/Fund.;
- Scheme wise annual report or an abridged summary thereof shall be sent in physical mode to the Unit holders whose email address is not available/registered with the AMC/Registrar/Fund and/or to those Unit holders who have specifically opted / requested for the physical format in the application form;
- The Scheme wise annual report or an abridged summary thereof shall be sent as soon as may be but not later than July 31st of every year;
- Further, the Scheme wise annual report or an abridged summary thereof shall continue to be available on the AMC and AMFI websites;
- The physical copy of the scheme wise annual report or abridged summary shall continue to be made available to the investors at the registered office of the AMC in accordance with the provision stated in the SID/SAI.

It may be noted that necessary/incidental changes in this regard shall be made in the Scheme Information Document(s)/ Statement of Additional Information/ Key Information Memorandum(s) of the respective Schemes.

All other terms and conditions of the Scheme Information Document(s)/ Statement of Additional Information/ Key Information Memorandum(s) will remain unchanged.

This addendum shall form an integral part of the Scheme Information Document(s)/ Statement of Additional Information/ Key Information Memorandum(s) of the Scheme(s) of Union KBC Mutual Fund.

In case of any queries/further details with regard to the aforesaid changes, you may contact any of the Investor Service Centres (ISCs) of Union KBC Mutual Fund.

For Union KBC Asset Management Company Private Limited
(Investment Manager for Union KBC Mutual Fund)

Place: Mumbai
Date: September 30, 2011

Sd/
Authorised Signatory

Scheme Name: Union KBC Liquid Fund. **Classification:** An Open-ended Liquid Scheme. **Investment Objective:** To provide reasonable returns commensurate with lower risk and high level of liquidity through a portfolio of money market and debt securities. However, there can be no assurance that the investment objective of the scheme will be achieved. **Load Structure:** Nil; **Entry Load:** Nil; **Exit Load:** Nil; **Scheme Name:** Union KBC Equity Fund. **Classification:** An Open-ended Equity Scheme. **Investment Objective:** To achieve long-term capital appreciation by investing substantially in a portfolio consisting of equity and equity related securities. However there can be no assurance that the investment objective of the scheme will be achieved. **Load Structure:** Nil; **Entry Load:** Nil; **Exit Load:** 1% if redeemed or switched out on or before completion of 1 year from the date of allotment of units; Nil - if redeemed or switched out after completion of 1 year from the date of allotment of units. **General services offered:** The NAV of the Schemes will be disclosed on all Business Days. The Schemes offer Units for Subscription/Switch in and Redemption/Switch out at NAV based prices on all Business Days. The redemption proceeds shall be dispatched to the Unitholders within 10 Business Days from the date of receipt of valid redemption request.

RISK FACTORS: All mutual funds and securities investments are subject to market risks and the Net Asset Value (NAV) of the schemes may go up or down depending upon the factors and forces affecting the securities market and there can be no assurance that the fund's objective will be achieved. Past performance of the Sponsors and their Affiliates / Investment Manager or AMC / Mutual Fund and its Scheme (s) is not necessarily indicative of future results, and may not necessarily provide a basis for comparison with other investments. **Union KBC Liquid Fund and Union KBC Equity Fund are only the names of the Schemes and do not in any manner indicate either the quality of the Schemes, their future prospects or returns.** Investment in mutual fund units involves investment risks such as market risk, trading volumes, settlement risk, liquidity risk, interest rate risk, default risk including the possible loss of principal, fluctuations in NAVs, uncertainty of dividend distributions etc. For detailed risk factors please refer the respective SID. The Sponsors are not responsible or liable for any loss or shortfall resulting from the operations of the Scheme(s) beyond the initial contribution of an amount of ₹ 1 lakh each, made by them towards setting up the Mutual Fund. Investors are not being offered any guaranteed/assured returns under any scheme of Union KBC Mutual Fund.

Statutory Details: **Constitution:** Union KBC Mutual Fund has been set up as a Trust under the Indian Trusts Act, 1882; **Settlers / Sponsors:** Union Bank of India and KBC Participations Renta, a 100% subsidiary of KBC Asset Management NV (liability restricted to their initial contribution of ₹ 1 lakh each to the corpus); **Trustee:** Union KBC Trustee Company Private Limited, a Company incorporated under the Companies Act, 1956 with a limited liability; **Investment Manager:** Union KBC Asset Management Company Private Limited, a Company incorporated under the Companies Act, 1956 with a limited liability.

Mutual Fund investments are subject to market risks. Please read the Statement of Additional Information (SAI), Scheme Information Document (SID) and Key Information Memorandum (KIM) of the respective Schemes carefully before investing. Copy of the SAI, SID & KIM along with the application form can be obtained from any of our AMC offices/ Investor Service Centres/ distributors as well as from our website www.unionkbc.com.