

Investment Policy and Restrictions

Investment Policy

- Investment policy of a fund scheme is stated in O.D
- For Equity Fund
 - See kind of Sector Allocation & companies to invest
- For Debt Fund
 - credit rating
 - See types of instruments
 - proposed average maturity
 - minimum & maximum MM instruments percentage

Investment Policy

- For Balanced Fund
 - See equity & debt proportions
- For Money Market Fund
 - See types of instruments preferred & their rating profile

Regulatory Restrictions on Investments

- Minimum no. of investors in a scheme
 - 20 & no single investor to hold over 25% of the corpus
- Minimum portfolio diversification
 - Equity Investment of a single company – Max 10% of the NAV (Except index funds, sector funds)
 - All non government debt to be mandatorily rated by at least one rating agency
 - Investment in rated debt instrument of a Company
 - Max 15% of Net Assets
 - Max 20% of Net Assets with approval of Board of Trustees

Regulatory Restrictions on Investments

- Investment in unrated/below investment grade securities
 - Not exceeding 10% of Net Assets in a single company
 - Not exceeding 25% of Net Assets of the fund in all the companies
- Prior approval of Trustees is required for investments in unrated debt instruments

Regulatory Restrictions on Investments

- A Mutual fund can invest
 - maximum 5% of Net Assets under all its schemes
 - into different fund schemes of the same AMC or of any other AMC except a Fund of Funds Scheme
- The above limit does not apply to Fund of Funds
- Securities are to be bought or sold only on delivery basis No short selling allowed
- Securities to be bought and sold for a relevant scheme
- Purchases/Sales cannot be aggregated

Regulatory Restrictions on Investments

- A Mutual Fund can invest only in Marketable Securities
- MFs can lend securities under the SEBI approved Stock Lending scheme
- A Mutual Fund can invest in listed securities of the sponsor / Sponsor Group Companies up to 25% of Net Assets of the Fund
- A Mutual Fund cannot invest in unlisted securities of Sponsor or Sponsor Group Companies

Regulatory Restrictions on Investments

- Securities transfer from one scheme to another scheme can take place at market prices and on spot delivery basis
- Inter-scheme transfers allowed if objectives of both the schemes are same
- Record of investment decisions to be maintained
- Borrowing by MF's restricted upto 20% of Net Assets for maximum 6 months for paying dividend/redeeming units
- A FOF can't invest in other FOF scheme