

# NOTICE

Notice is hereby given that in the interest of all unitholders, the Board of Directors of SBI Funds Management Private Limited, Investment Manager to SBI Mutual Fund and Board of Directors of SBI Mutual Fund Trustee Company Private Limited have approved the change in the fundamental attributes of SBI Debt Hybrid Fund and for merger of SBI Dynamic Asset Allocation Fund ('Merging Scheme') into SBI Debt Hybrid Fund ('Surviving Scheme').

The Securities and Exchange Board of India vide its communication dated May 27, 2021 has given their No Objection for the same.

In this regard, please find below the relevant information regarding change in fundamental attributes of SBI Debt Hybrid Fund and merger of SBI Dynamic Asset Allocation Fund ('Merging Scheme') into SBI Debt Hybrid Fund ('Surviving Scheme').

## Change in fundamental attributes of SBI Debt Hybrid Fund

### Rationale for change in fundamental attributes of SBI Debt Hybrid Fund

With a view to standardise the provisions under the Scheme, SBI Funds Management Private Limited proposes to introduce the following provisions in the Scheme:

**1. Writing of call options under covered call strategy:** SEBI had vide its circular dated August 18, 2010, permitted Mutual Funds to invest in derivatives subject to making adequate disclosures. In partial modification to the aforesaid circular, SEBI had vide its circular dated January 16, 2019 (the Circular), permitted mutual fund schemes (except index funds and exchange traded funds) to write call options under covered call option strategy for constituent stocks of NIFTY 50 and BSE SENSEX, subject to certain investment restrictions.

**2. Segregation of portfolios:** The provisions related to segregation of portfolios in accordance with SEBI Circulars are proposed to be included. Additionally, it is proposed to modify the provisions of the asset allocation with a view to standardise the same. The Scheme Information Document (SID) will suitably be modified to include the aforesaid provisions and other disclosures as required in this regard.

The proposed changes in SBI Debt Hybrid Fund are stated below:

Scheme Features	Existing Provisions	Proposed Provisions																															
Asset Allocation	Under normal circumstances, the asset allocation of the Scheme would be as follows:	Under normal circumstances, the asset allocation of the Scheme would be as follows:																															
	<table border="1"><thead><tr><th>Asset Allocation</th><th>Min</th><th>Max</th><th>Risk Profile</th></tr></thead><tbody><tr><td>Equity and Equity related Instruments (including derivatives)</td><td>10%</td><td>25%</td><td>Medium to High</td></tr><tr><td>Debt instruments (including debt derivatives) and Money Market instruments (including triparty repo, Reverse repo and equivalent)</td><td>75%</td><td>90%</td><td>Low to Medium</td></tr><tr><td>Units issued by REITs and InVITs<sup>A</sup></td><td>0%</td><td>10%</td><td>Medium to High</td></tr></tbody></table>	Asset Allocation	Min	Max	Risk Profile	Equity and Equity related Instruments (including derivatives)	10%	25%	Medium to High	Debt instruments (including debt derivatives) and Money Market instruments (including triparty repo, Reverse repo and equivalent)	75%	90%	Low to Medium	Units issued by REITs and InVITs <sup>A</sup>	0%	10%	Medium to High	<table border="1"><thead><tr><th>Asset Allocation</th><th>Min</th><th>Max</th><th>Risk Profile</th></tr></thead><tbody><tr><td>Equity and Equity related Instruments (including derivatives)</td><td>10%</td><td>25%</td><td>Medium to High</td></tr><tr><td>Debt instruments (including debt derivatives) and Money Market instruments (including triparty repo, Reverse repo and equivalent)</td><td>75%</td><td>90%</td><td>Low to Medium</td></tr><tr><td>Units issued by REITs and InVITs<sup>A</sup></td><td>0%</td><td>10%</td><td>Medium to High</td></tr></tbody></table>	Asset Allocation	Min	Max	Risk Profile	Equity and Equity related Instruments (including derivatives)	10%	25%	Medium to High	Debt instruments (including debt derivatives) and Money Market instruments (including triparty repo, Reverse repo and equivalent)	75%	90%	Low to Medium	Units issued by REITs and InVITs <sup>A</sup>	0%	10%
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	The Scheme shall invest in securitised debt up to 20% of the net assets of the Scheme.	The Scheme can take covered-call positions for stock derivatives, as permitted by SEBI from time to time.																															
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	The Scheme may engage in stock lending up to 20% of net assets of the Scheme.	The Gross exposure of the Scheme to repo transactions in corporate debt securities shall not be more than 10% of the net assets of the Scheme or as permitted by SEBI from time to time.																															
	The proportion of the Scheme portfolio invested in each type of security will vary in accordance with economic conditions, interest rates, liquidity and other relevant considerations, including the risks associated with each investment. Performance of the Scheme will depend on the Asset Management Company's ability to assess accurately and react to changing market conditions.	The Scheme shall make investment in Securities lending up to 20% of the total assets with maximum single party exposure restricted to 5% of the total assets or as permitted by SEBI from time to time.																															
	The above investment pattern is indicative and may be changed by the Fund Manager for a short-term period on defensive considerations, keeping in view market conditions, market opportunities, applicable SEBI (Mutual Funds) Regulations 1996, legislative amendments and other political and economic factors, the intention being at all times to seek to protect the interests of the Unit Holders. If the exposure falls outside the above-mentioned asset allocation pattern, the portfolio to be rebalanced by AMC within 30 days from the date of said deviation.	The Scheme shall not invest more than 10% of its NAV of the debt portfolio of the Scheme in such instruments having special features or as permitted by SEBI from time to time.																															
	Above rebalancing will be subject to market conditions and in the interest of the investors. If the fund manager for any reason is not able to rebalance the asset allocation within above-mentioned period, the matter would be escalated to Investment Committee for further direction. The Investment Committee shall record the reason in writing leading the reason for falling the exposure outside the asset allocation and the Committee shall review and as considered necessary may further direct the manner for rebalancing the same within the range of the asset allocation as mentioned above. The funds raised under the Scheme shall be invested only in transferable securities as per Regulation 44(1), Schedule 7 of the SEBI (Mutual Funds) Regulations, 1996.	The cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), securitised debt, units issued by REITs and InVITs, repo transactions in corporate debt securities, other permitted securities / assets should not exceed 100% of the net assets of the Scheme.																															
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In addition to the above table, the following disclosures shall be included in the SID of the Scheme:

### 1. COVERED CALL STRATEGY

#### Risks associated with writing covered call options for equity shares:

In addition to the risks associated with derivative instruments, listed below are the risks associated with writing covered call options.

#### Market Risk:

Appreciation in the underlying equity shares could lead to loss of opportunity in case of writing of covered call option. In case if the appreciation in equity share price is more than the option premium received, the appreciation in the Scheme would be capped.

#### Liquidity Risk:

This strategy of writing covered call in a Scheme will be used, provided the Scheme has adequate number of underlying equity shares as per regulatory requirement. Subsequently, the Scheme will have to set aside a portion of investment in the underlying equity shares. Further, in case the covered call options are sold to the maximum extent as allowed under the purview of regulations, the Scheme would be unable to sell the shares of the respective stock, to the extent that would be blocked under the covered call. Hence, if the call option contracts which have been written become illiquid, it may lead to a loss of opportunity or can cause exit issues.

As a result, it may happen that the Scheme is not able to sell the underlying equity shares immediately, which can lead to temporary illiquidity of the underlying equity shares and may result in loss of opportunity.

#### Covered call strategy

The Scheme may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX, and any other stock as and when allowed by SEBI, subject to the following:

- The total notional value (taking into account strike price as well as premium value) of call options written by a Scheme shall not exceed 15% of the total market value of equity shares held in that Scheme.
- The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the Scheme. The unencumbered shares in a Scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.
- At all points of time the Mutual Fund Scheme shall comply with the provisions at paragraph (a) and (b) above. In case of any passive breach of the requirement at paragraph (a), the respective Scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said Scheme.
- In case a Mutual Fund Scheme needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with paragraphs (a) and (b) above while selling the securities.
- In no case, a Scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts.
- The premium received shall be within the requirements prescribed in terms of paragraph 5 of SEBI circular dated August 18, 2010 i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the Scheme.
- The exposure on account of the call option written under the covered call strategy shall not be considered as exposure in terms of paragraph 3 of SEBI Circular No. Cir/IMD/DF/11/2010, dated August 18, 2010.
- The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the respective scheme(s) until the position is closed or expired.

#### Benefits of using Covered Call Strategy in Mutual Funds:

The covered call strategy can help in earning income and hedging risk and subsequently result in better risk adjusted returns for the Scheme. Following are the benefits offered by this strategy:

- Hedge against market risk - Since the fund manager sells a call option on a stock already owned by the mutual fund scheme, the downside from fall in the stock price would be lower to the extent of the premium earned from the call option.
- Generating additional returns in the form of option premium in a range bound market. Thus, a covered call strategy involves gains for unit holders in case the strategy plays out in the right direction.

#### Example of Covered Call

Illustrations:

Buy 100 stocks of Company A at ₹1000 and write (sell) call options of the Company A for the same month, with a strike price of ₹1050. Assume the said option is trading at ₹10. Thus, the total premium received for selling the call option is ₹1000 (₹10\*100 lot size).

On the day of expiration of options contract:

Scenario 1: Market goes up and the stock price of Company A goes up to ₹1030

- Gain on stock is ₹3000.
- The call option will expire worthless (strike price is ₹1050 and underlying price is ₹1030). Thus, as a writer (seller) of call option, we can keep the premium of ₹1000.
- Thus, net gain is ₹4000 (₹3000 on underlying stock and ₹1000 premium collected).

Scenario 2: Market goes up and the stock price of Company A goes up to ₹1100

- Gain on stock is ₹10000.
- The call option is in the money by ₹50 (strike price is ₹1050 and underlying price is ₹1100). Thus, as a writer (seller) of call option, we must pay ₹5000 to option buyer (₹50) and we would receive option premium of ₹1000 (₹10\*100), thus, the total loss would be ₹4000 (₹5000 - ₹1000 received as the option premium).
- Thus, net gain is ₹6000 (₹10000 on underlying stock and ₹4000 loss on option position).

Scenario 3: Market goes down and the stock price of Company A goes down to ₹950

- Loss on stock is ₹5000.
- The call option will expire worthless (strike price is ₹1050 and underlying price is ₹950). Thus, as a writer (seller) of call option, we can keep the premium of ₹1000.
- Thus, net loss is ₹4000 (₹5000 on underlying stock and ₹1000 premium collected).

### 2. PROVISIONS RELATING TO SEGREGATION OF PORTFOLIOS

Creation of segregated portfolio shall be subject to following guidelines specified by SEBI as per Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018 and Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/127 dated November 07, 2019:

The term 'segregated portfolio' shall mean a portfolio, comprising 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 and the term 'total portfolio' shall mean the Scheme portfolio including the securities affected by the credit event.

Segregated portfolio will be created, 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 will be considered. Creation of segregated portfolio will be based on issuer level credit events as mentioned above and implemented at the ISIN level.

#### Creation of segregated portfolio for investment in debt instruments with special features

Segregated portfolio of such instruments may be created in case the said instrument is to be written off or converted to equity pursuant to any proposal, the date of said proposal may be treated as the trigger date. However, if the said instruments are written off or converted to equity without proposal, the date of write off or conversion of debt instrument to equity may be treated as the trigger date subject to compliance with relevant provisions of SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018, SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/127 dated November 07, 2019 issued with respect to 'Creation of segregation portfolio in mutual fund schemes' and any other relevant Regulations/Circulars/Guidelines issued in the future from time to time.

#### PROCESS:

The recommendation of creating the segregated portfolio needs to be approved by the Board of AMC & Trustee.

Further, 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. The AMC will also disclose that the segregation shall be subject to trustee approval.

Additionally, the said press release will be prominently disclosed on the website of the AMC.

The AMC will ensure that till the time the trustee approval is received, which in no case shall exceed 1 business day from the day of credit event, the subscription and redemption in the scheme shall be suspended for processing with respect to creation of units and payment on redemptions.

#### Post approval process:

Once AMC & trustee approval is received by SBIFMPL:

- Segregated portfolio shall be effective from the day of credit event
- SBIFMPL 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 recognised 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 AMC Board / Trustees do not approve the proposal to segregate portfolio, AMC shall issue a press release immediately informing investors of the same.

#### Security valuation and processing of subscriptions and redemptions:

- The valuation of any security sought to be segregated will be valued based on the principles of fair valuation (i.e. realisable value of the assets) in terms of the relevant provisions of SEBI (Mutual Funds) Regulations, 1996 and Circular(s) issued thereunder and shall be in line with the valuation policy, which would be either external valuation prices or haircut-based valuation as applicable. The valuation price may deviate from the above based on adequate reasons and necessary disclosure as required by the SEBI guidelines.
- 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. However, in case of segregated portfolio, applicability of NAV will be as under:
  - 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.

#### Disclosure requirements:

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 will be communicated to the investors within 5 working days of creation of the segregated portfolio. Further, adequate disclosure of the segregated portfolio will also 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. Further, the NAV of the segregated portfolio will 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 will include the impact of creation of segregated portfolio. The Scheme performance will 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, will be disclosed as a footnote to the Scheme performance. These disclosures regarding the segregated portfolio will 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 will be duly informed of the recovery proceedings of the investments of the segregated portfolio and status update will be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

#### Total Expense Ratio (TER) for the segregated portfolio

SBIFMPL 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 SBIFMPL.

The costs related to segregated portfolio shall in no case be charged to the main portfolio.

#### Monitoring by Trustees

In order to ensure timely recovery of investments of the segregated portfolio, Trustees will ensure that, the SBIFMPL puts in sincere efforts to recover the investments of the segregated portfolio. Upon recovery of money, whether partial or full, it will be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio. Further, an Action Taken Report (ATR) on the efforts made by the SBIFMPL to recover the investments of the segregated portfolio will be placed in every Trustee meeting till the investments are fully recovered / written-off.

The Trustees will monitor the compliance of this circular and disclose in the half-yearly trustee reports filed with SEBI, the compliance in respect of every segregated portfolio created.

In order to avoid misuse of segregated portfolio, trustees will ensure that there is a mechanism in place to negatively impact the performance incentives of Fund Managers, Chief Investment Officers (CIOs), etc. involved in the investment process of securities under the segregated portfolio, mirroring the existing mechanism for performance incentives of the AMC, including clawback of such amount to the segregated portfolio of the Scheme.

Creation of segregated portfolio will be optional and at the discretion of the AMC.

#### Illustration of impact of Portfolio Segregation on Scheme and its investors:

##### Before Segregation:

Total Portfolio	Regular Plan	Direct Plan
Net Asset (a)	500	200
Units (b)	20.00	10.00
NAV per Unit (c = a/b)	25.00	20.00

##### Assumptions:

The above portfolio has a security XYZ with current market value on the date of segregation of ₹70 which has been downgraded below investment grade or has defaulted. Post splitting the Total portfolio into Main portfolio and Segregated portfolio, the impact will be as below:

##### After Segregation:

Main Portfolio	Regular Plan	Direct Plan
Net assets before segregation (a)	500	200
Market Value of Security XYZ (b)	50.00	20.00
Net assets after segregation (c = a - b)	450.00	180.00
Units (d)	20.00	10.00
NAV per unit (c/d)	22.500	18.000

Segregated Portfolio	Regular Plan	Direct Plan
Net Assets* (a)	50.00	20.00
Units (b)	20.00	10.00
NAV per Unit (c = a/b)	2.50	2.00

(\*equivalent of market value of segregated security)

For existing investors, the total portfolio will decline by the amount which is segregated (i.e. value of main portfolio after segregation). They will be allotted equal number of units in the main portfolio and the segregated portfolio in the same proportion as held by them in the total portfolio. Thereafter, existing investors can redeem from the main portfolio based on the prevailing NAV and they will continue to hold units in the segregated portfolio. For any new investor, they will be allotted units only in the main portfolio based on the prevailing NAV. NAV of the segregated portfolio may undergo a change on the future depending on any recovery and any applicable haircut.

#### Risks associated with segregated portfolio

Different types of securities in which the Scheme would invest carry different levels and types of risk as given in the Scheme Information Document of the Scheme. In addition to the same, unitholders are requested to also note the following risks with respect to Segregated Portfolio:

- Investor holding units of segregated portfolio may not be able to liquidate their holding till the time there is recovery of money from the issuer.
- Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity, as there may not be active trading of units in the stock market. Further, trading price of units on the stock market may be at a significant discount compared to the prevailing NAV.
- Securities which are part of the segregated portfolio may or may not recover any money, either fully or partially.

#### 3. INVESTMENT RESTRICTIONS

Pursuant to SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/32 dated March 10, 2021, no Mutual Fund under all its schemes shall own more than 10% of debt instruments with special features issued by a single issuer.

The Scheme shall not invest –

- more than 10% of its NAV of the debt portfolio of the Scheme in such instruments; and
- more than 5% of its NAV of the debt portfolio of the Scheme in such instruments issued by a single issuer.

The above investment limit for a mutual fund scheme shall be within the overall limit for debt instruments issued by a single issuer, as specified at clause 1 of the Seventh Schedule of SEBI (Mutual Fund) Regulations, 1996, and other prudential limits with respect to the debt instruments.

#### Merger of SBI Dynamic Asset Allocation Fund (Merging Scheme) into SBI Debt Hybrid Fund (Surviving Scheme)

Investors are requested to note that on account of the merger of SBI Dynamic Asset Allocation Fund into SBI Debt Hybrid Fund does not entail emergence of new scheme post merger of both the schemes. Post-merger, the investments under the Surviving Scheme will be in accordance with the investment objective and asset allocation of the Surviving Scheme.

As per SEBI Circular No. SEBI/MFD/Cir No. 05/12031/03 dated June 23, 2003 issued by SEBI, merger of schemes is considered as a change in fundamental attributes of the concerned schemes necessitating compliance with the requirements laid down for change in fundamental attributes. As per Regulation 18(15A) of SEBI (Mutual Funds) Regulations, 1996, changes in fundamental attributes can be carried out only after the unit holders of the schemes concerned have been informed of the change via written communication and an option to exit the scheme(s) within a period of 30 days at the prevailing NAV without any exit load is provided to them. Accordingly, this notice provides communication to the unit holders of SBI Dynamic Asset Allocation Fund and SBI Debt Hybrid Fund for change in fundamental attributes of SBI Debt Hybrid Fund and the merger of SBI Dynamic Asset Allocation Fund and SBI Debt Hybrid Fund.



In accordance with Regulation 18 (15A) of the SEBI (Mutual Funds) Regulations, 1996 the existing unitholders of the Merging Scheme and Surviving Scheme (i.e. whose names appear in the register of unitholders as on close of business hours on June 02, 2021) under the Scheme are hereby given an option to exit, i.e. either redeem their investments or switch their investments to any other eligible schemes of SBI Mutual Fund, within the Exit Option Period (minimum 30 days) starting from June 03, 2021 till July 02, 2021 (both days inclusive and up to 3.00 pm on July 02, 2021) at Applicable NAV, without payment of any exit load. The Exit Option can be exercised during the Exit Option Period by submitting a valid redemption / switch request at any Official Point of Acceptance of SBI Mutual Fund. A separate detailed written communication is being sent to the existing Unit holders in this regard. Unitholders who do not exercise the exit option by 3.00 p.m. on July 02, 2021 would be deemed to have consented to the proposed merger / change in fundamental attributes. It may also be noted that no action is required in case the Unitholders are in agreement with the proposed merger / change in fundamental attributes. Kindly note that an offer to exit is merely optional and is not compulsory. If you have no objection to the above proposal, no action needs to be taken by you.

Hence, all existing investors / unitholders as on June 02, 2021 who do not agree to the same, have the option to redeem / switch units at the applicable NAV, without payment of any exit load. The redemption / switch requests may be submitted at any of the Branches / official points of acceptance designated by SBI Mutual Fund. The changes to the fundamental attributes of SBI Debt Hybrid Fund and merger of SBI Dynamic Asset Allocation Fund into SBI Debt Hybrid Fund shall come into effect post business hours on July 02, 2021. Unitholders, who have pledged or encumbered their units will not have the option to exit unless they procure a release of their pledges / encumbrances and appropriately communicate to the Mutual Fund/Registrar prior to the submission of redemption / switch requests.

The requirement of minimum application amount for fresh and additional purchase of units as mentioned in the Scheme Information Document will not be applicable in respect of the units of Surviving Scheme allotted to the investors of Merging Scheme on account of the merger.

No further subscription / switch in will be accepted in Merging Scheme (i.e., SBI Dynamic Asset Allocation Fund) as the sale of units in the Merging Scheme will be suspended from June 03, 2021 onwards. Fresh Registration of SIP / STP / SWP/ IDCW Transfer etc. in Merging Scheme will also be suspended w.e.f. June 03, 2021. Unitholders in the Merging Scheme as on July 02, 2021, will be allotted units of the Surviving Scheme at applicable NAV of the Surviving Scheme as on July 02, 2021. Existing Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP) / Systematic Withdrawal Plan (SWP) / Transfer of Income Distribution cum Capital Withdrawal plan (IDCW Transfer) etc. in SBI Dynamic Asset Allocation Fund will be processed under SBI Debt Hybrid Fund on their respective due dates subsequent to merger and change in fundamental attributes, in the folios where Unitholders have not availed the exit option.

In case Unitholders of Merging Scheme whose units are pledged / lien marked / other encumbrance marked on any units in the Merging Scheme and wish to continue their investments in the Surviving Scheme, the lien / pledge / other encumbrance will continue on the allotted units of the Surviving Scheme.

Unitholders should ensure that any change in address or bank mandate are updated in the Fund's records before exercising the Exit Option. Unitholders holding Units in dematerialised form may approach their Depository Participant for such changes.

Kindly note that the aforesaid merger may entail tax consequences to Unitholders. Therefore, Unitholders are requested to consult their Legal, Tax, Finance and other Professional Advisors.

In case unitholders have not received detailed communication of the proposed merger and change in fundamental attributes of SBI Debt Hybrid Fund, they can contact the Registrar – M/s Computer Age Management Services Ltd., Rayala Towers 158, Anna Salai, Chennai - 600002.

For further information / assistance in this regard, please visit [www.sbimf.com](http://www.sbimf.com) or call us at our toll free number 1800 425 5425 or visit your nearest Investor Service Centre of SBI Mutual Fund.

**For SBI Funds Management Private Limited**

Sd/-

**Vinay M. Tonse**  
**Managing Director & CEO**

**Place:** Mumbai

**Date:** June 1, 2021

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**Asset Management Company:** SBI Funds Management Private Limited (A Joint Venture between SBI & AMUNDI) (CIN : U65990MH1992PTC065289), **Trustee:** SBI Mutual Fund Trustee Company Pvt. Ltd. (CIN : U65991MH2003PTC138496), **Sponsor:** State Bank of India. **Registered Office:** 9th Floor, Crescenzo, C- 38 & 39, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051 **Tel:** 91-022-61793000 **Fax:** 91-022-67425687 • **E-mail:** [partnerforlife@sbimf.com](mailto:partnerforlife@sbimf.com) • [www.sbimf.com](http://www.sbimf.com).

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