



LIC Mutual Fund

4th Floor, Industrial Assurance Building, Opp. Churchgate Station, Churchgate, Mumbai - 400 020
Phone : 22842521 / 22842338 • Fax : 22040039 • E-mail : jbsamc@bom3.vsnl.net.in

ADDENDUM - II to LICMF Floating Rate Fund

Dated June 14, 2005

This addendum is prepared to bring the contents of the changes made in LICMF Floating Rate Fund and the related instructions to the notice of the investors - prospective and existing.

CHANGE OF NAME

It has been decided to change the name of the scheme from
LICMF Floating Rate Fund
to
LICMF Floating Rate Fund - Short Term Plan.

The scheme highlights for **LICMF Floating Rate Fund - Short Term Plan** are given below.

Type of Scheme:

Open ended Floating Rate liquid scheme

Asset Allocation Pattern:

Under normal circumstances, it is anticipated that the asset allocation would be as under:

Investments	Indicative Allocation (% of corpus)	Risk Profile	Avg. Maturity Profile
Floating rate or fixed rate instruments swapped for floating rate of debt or money market instrument such as Corporate bonds, Gilts, CP, CD, call money or any other instruments as permitted by SEBI from time to time.	65 to 100%	Low to Medium	App. 18 months
Fixed rate debt or money market instruments Corporate bonds, Gilts, CP, CD, call money or any other instruments as permitted by SEBI from time to time.	0 to 35%	Low To Medium	App. 18 months
Securitized Debt excluding foreign securitized debt	0 to 35%	Low To Medium	App. 18 months

- A. Mark-to-Market component of the fund on a weekly average basis is less than 10%.
(Mark to Market would mean the valuation of an asset (e.g. marketable securities, derivatives and other financial contracts) using a traded price or a derived price from the corresponding yield curve).
and
- B. Maximum re-pricing tenor of 1 year reckoned as under:
- For a fixed rate asset, the remaining tenor is 1 year or less.
 - For a floating rate asset, the interest reset frequency is 1 year or less.
 - For a fixed rate/floating rate asset where the principal is paid in a staggered and/or on amortizing basis (e.g. securitized papers), the average maturity of such an asset is 1 year or less.
 - For a portfolio using Interest Rate Swaps,
 - the composite floating rate asset (underlying fixed rate asset and Interest Rate Swap, paying fixed and receiving floating) has interest reset frequency upto 1 year.

- b. If Interest Rate Swaps (receiving fixed and paying floating), have been used to convert a floating rate asset into a fixed rate asset, the fixed leg of the Interest Rate Swap having remaining tenor upto 1 year.
- i. For a portfolio using Forward Rate Agreements, the summation of the beginning and end dates of the period covered is 1 year or less.

A. If there are positions in Interest Rate Futures and Bond Futures, the re-pricing risk is 1 year or less.

NAV Declaration:

In LICMF Floating Rate Fund, NAV is being calculated and declared upto four decimal places on all business days. However, with reference to the SEBI circular no. SEBI/IMD/CIR No. 8/5611/2004 dated March 19, 2004, portfolio of LICMF Floating Rate Fund meets the criteria mentioned in the above circular for the scheme to be treated as liquid scheme. Thus, it has been decided to calculate and declare NAV of LICMF Floating Rate Fund - Short Term Plan upto four decimal places on all days including Saturdays, Sundays, and holidays.

Also, the cut-off timings for sale / redemption for LICMF Floating Rate Fund - Short Term Plan will change with reference to the SEBI circular no. SEBI/IMD/CIR No. 8/5611/2004 dated March 19, 2004, and subsequent clarification vide SEBI circular SEBI/IMD/CIR No. 9/6016/2004 dated March 25, 2004. The new cut-off timings are given below.

	Timing	Applicable NAV
A	Purchase and Switch In	
	Receipt of valid applications upto 1 p.m.	The closing NAV of the day immediately previous to the day on which funds are available for utilization by the fund.
	Receipt of valid applications after 1 p.m. and the funds are available for the utilization by the fund on the same day.	The closing NAV of the same day.
B	Redemption	
	Receipt of valid applications before 10 a.m.	Previous day's closing NAV.
	Receipt of valid applications after 10 a.m.	The closing NAV of the same day.

The above cut - off timings will be applicable to investments made through "sweep" mode.

The above mentioned change will be applicable from June 21, 2005 on prospective basis.

The change has already been communicated to SEBI. All other provisions of LICMF Floating Rate Fund other than those expressly stated herein above would remain applicable for LICMF Floating Rate Fund - Short Term Plan.

Authorised Signatory

LIC Mutual Fund

Statutory Details:

LIC Mutual Fund has been set up as a Trust sponsored by Life Insurance Corporation of India. Jeevan Bima Sahayog Asset Management Company Ltd. is the Investment Manager to the Fund.

Risk Factors:

Mutual Fund and Securities investments are subject to market risks and there is no assurance and no guarantee that the objectives of the Mutual Fund will be achieved. As with any investment in stocks and shares, the NAV of the units issued under the scheme can go up or down depending on the factors and forces affecting the capital markets. Past performance of the Sponsor/AMC/Mutual Fund does not indicate the future performances of the schemes of the Mutual Fund. LICMF Floating Rate Fund & LICMF Floating Rate Fund - Short Term Plan are names of the scheme and do not in any manner indicate either the quality of the scheme, its future prospects or returns. Please read the offer document carefully before investing.

FOR FURTHER DETAILS PLEASE CONTACT OUR AREA OFFICES / BUSINESS CENTRES

AREA OFFICES : ● **BANGALORE** : 22210180 / 22295598 / 9845172957 ● **CHENNAI** : 28555883 / 9382315850
 ● **HYDERABAD** : 23210572 / 23244445 / 9392471583 ● **INDORE** : 2520262 / 9303283574 ● **KANPUR** : 2312285 / 9839034610 ● **KOLKATA** : 22126710 / 9339002578 ● **MUMBAI** : 22885971 / 55719750 / 9321024748 ● **NEW DELHI** : 23314396 / 931200973 / 23359190

BUSINESS CENTRES : ● **AHMEDABAD** : 26631989 / 9327516788 ● **BHOPAL** : 2779361 / 9300812615
 ● **BHUBANESHWAR** : 9338227225 ● **CHANDIGARH** : 2703899 / 9316065681 ● **DEHRADUN** : 9358132483 ● **JAIPUR** : 5112620 / 9314476770 ● **LUCKNOW** : 2231186 / 9415087505 ● **LUDHIANA** : 9316938094 ● **PATNA** : 2207157 / 9835212171
 ● **RAIPUR** : 2236780 / 9301701133 ● **VISHAKHAPATNAM** : 9346308252