



SCHEME INFORMATION DOCUMENT



LICMF GILT FUND

(An Open Ended Gilt Fund)

Offer of Units at NAV based price

Name of the Mutual Fund	: LIC Mutual Fund
Name of the Asset Management Company	: LIC Mutual Fund Asset Management Company Ltd.
Name of the Trustee Company	: LIC Mutual Fund Trustee Company Pvt. Ltd.
Addresses, Website of the entities	LIC Mutual Fund Asset Management Company Ltd. Industrial Assurance Bldg., 4 th Floor Opp. Churchagate Stn. Mumbai – 400 020. www.licmutal.com , licmfamc@licmutual.com

The particulars of the scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filled with SEBI, along with Due Diligence Certificate from AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of LIC Mutual Fund, Tax and Legal issues and general information on www.licmutual.com

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

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SCHEME HIGHLIGHTS:

- **LICMF GOVT.SECURITIES FUND** is an open ended dedicated Government Securities (Gilt) Scheme sponsored by LIC Mutual Fund.
- The scheme offers an opportunity for the investors to participate in the Government Securities Market.
- **INVESTMENT OBJECTIVES:** The primary objective of the scheme is to generate credit risk free and reasonable returns for its investors through investments in sovereign securities issued by the central and /or state Government and /or any security unconditionally guaranteed by the central/ state government for repayment of Principal and interest and/or reverse repos in such securities as and when permitted by RBI.
- **GOVT.SECURITIES (Gilts)** being Government obligations carry zero credit risk. Hence the Scheme will have no credit risk on the investments made by the Scheme. The Scheme is not a Money Market Mutual Fund Scheme as defined by the RBI
- Non-Government Gratuity, Provident Fund and Superannuation Funds are eligible to invest in the Scheme subject to the limits prescribed in lieu of investment in Govt. Securities directly
- **PLANS:** There are Two plans to choose from: Regular Plan and PF Plan
- **OPTIONS:** There are three options to choose from,
- **DIVIDEND PAYOUT** Option for investors desiring regular income and
- **DIVIDEND REINVESTMENT** Option for investors desiring accumulation of income.
- **GROWTH** Option for investors opting for growth
- **LIQUIDITY:** The Scheme is open-ended. Unit holders can redeem their units on an on going basis on any business day.
- The scheme will be entitled for liquidity support from RBI under the dedicated Gilts Fund Scheme. The scheme will also be entitled to maintain SGL account with RBI
- **ENTRY LOAD:** Nil
- **EXIT LOAD:** Less than 1 year: 1% 1 year or more: Nil
- The Scheme is also open for subscription to NRIs and Overseas Financial Institutions on repatriation as well as non-repatriation basis.
- **Minimum Subscription:** FOR REGULAR PLAN: Rs. 10000/-. Further investments in multiples of Rs. 1000/- thereafter.
FOR PF PLAN: Rs.10000/- and in multiples of Rs.1000 thereafter.
Tax Free dividend under section 10 (33), Capital Gains Tax Benefits u/s 48 and 112 of the Income Tax Act, 1961 are available.

Investors are advised to read the Scheme Information Document carefully before investing.

I INTRODUCTION

A. RISK FACTORS

STANDARD RISK FACTORS:

- Mutual funds and securities are subject to market risks and there is no assurance and no guarantee that the objectives of the mutual fund will be achieved.
- The NAV of the units issued under the scheme may go up or down depending on the factors and forces affecting capital markets.
- Past performance of the Sponsor/ AMC/ Mutual Fund does not indicate the future performance of the schemes of the Mutual Fund.
- LICMF GILT FUND is the name of the scheme and does not in any manner indicate either the quality of the scheme or its future prospects and returns.
- The sponsor is not liable for any loss resulting from the operation of the scheme beyond the initial contribution made by it of an amount of rupees 2 Crore towards setting up of the Mutual Fund.
- Investors in the scheme are not being offered any assured / guaranteed returns.

RISK FACTORS SPECIFIC TO SCHEME:

- The scheme is an open-ended scheme. It is not proposed to be listed on any stock exchange at present.
- The value in the investments is bound to change with changes in the factors affecting the market viz. changes in interest rates, exchange rates, price and volume fluctuations in debt markets, taxation, govt. policies, and other economic and political developments.
- The Scheme proposes to invest a major part of its portfolio in G-sec and Debt/money market instruments. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities purchases due to settlement problems could cause the Scheme to miss certain investment opportunities.
- The Scheme may also invest in overseas financial assets subject to necessary approvals from the concerned regulatory authorities in India within the investment objectives of the scheme. To the extent that the assets of the Scheme are invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.
- All debt securities are exposed to interest rate risks, credit risks and reinvestment risk.
- The scheme may also use various derivatives and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance unit holders interest. In case the scheme utilizes any derivatives under the regulations, the scheme may, in certain situations, be exposed to instrument specific risks. For details please refer to the Para on Derivatives.
- Liquidity of scheme's investment may be inherently restricted by trading volumes and settlement periods. The inability to sell the money market or debt securities held in the scheme's portfolio due to the absence of a well developed and liquid secondary market for such securities may result, at times in losses to the scheme, in case of subsequent decline in the value of such securities.
- The prices of securities may be affected by the time taken by the Fund for redemption of units, which could be significant in the event of receipt of a very large number of redemption requests or very large value of redemption requests. The liquidity of the assets may be affected by other factors such as general market conditions, political events, bank holidays and civil strife. In view of this, the Trustee has the right in its sole discretion to limit redemption (including suspension of redemption) under certain circumstances. Please refer to the Para "Suspension of Redemption/Repurchase of units" for details. Redemption due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any such tax consequences that may arise.
- Income / growth appreciation indicated herein this document are subject to tax laws in force for the time being. The tax benefits described herein this Scheme Information Document are as available under the present taxation laws with no guarantee whatsoever on the period for which they may be prevalent, and are available subject to conditions. The information given is included for general purpose only and the Unit holders should be aware that the relevant fiscal rules or their interpretation may change. In view of the individual nature of tax consequences, each Unit holder is advised to consult his/ her own tax advisor.
- Investors in the Scheme are not being offered any guaranteed returns. The Fund/AMC is also not assuring or guaranteeing that it will be able to make regular dividend distributions to its Unit holders, though, it has

every intention to manage the portfolio so as to make such payments to the Unit holders. Dividend payments will be dependent on the returns achieved by the AMC through active management of the portfolio. Further, it should be noted that the actual distribution of dividends and frequency thereof are indicative and will depend, inter-alia, on availability of distributable surplus. Dividend payouts will be entirely at the discretion of Trustees.

- As per SEBI Circular SEBI/IMD/CIR No. 10/22701/03 dated December 13, 2003, the scheme / plan shall have minimum 20 investors and no single investor shall account for more than 25% of the corpus of the scheme on quarterly basis. In case of non fulfillment with either of the above two conditions in a three months time period or at the end of succeeding calendar quarter, whichever is earlier, from the close of the IPO of open ended schemes or on an ongoing basis of each calendar quarter, the schemes/plans shall be wound up by following the guidelines prescribed by SEBI and the investors' money would be redeemed at applicable NAV.
- Government policy regarding implementation of international treaties like WTO etc. could affect the fortunes of many of the related companies where the scheme may invest.
- Imposition of tariff / non - tariff barriers and restrictions on labour by countries in the target markets may impact corporate earnings.
- A number of companies in the technology sector generate revenues in foreign currencies and may have investments or expenses also denominated in foreign currencies. Changes in exchange rates may, therefore, have a positive or negative impact on companies in the said sector.
- **Risk associated with investment in debt securities:** All debt securities are exposed to interest rate risks, credit risks and reinvestment risk. Different types of securities in which the scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly, the scheme's risk may increase or decrease depending upon its investment pattern e.g. corporate bonds carries a higher amount of risk than government securities. Further even among corporate bonds, bond which AAA rated are comparatively less risky than bonds which are AA rated.
- Trading volumes and settlement periods may inherently restrict liquidity of scheme's investment. The inability to sell the money market or debt securities held in the scheme's portfolio due to the absence of a well developed and liquid secondary market for such securities may result, at times in losses to the scheme, in case of subsequent decline in the value of such securities.
- **Risk associated with overseas financial assets:** *The Scheme may also invest in overseas financial assets subject to necessary approvals from the concerned regulatory authorities in India within the investment objectives of the scheme. To the extent that the assets of the Scheme are invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.*-2h
- **Risks Associated with investments in foreign securities:** The schemes may also invest in ADRs/GDRs and other foreign securities as permitted by RBI and SEBI. To the extent that some part of the assets of the scheme may be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by the changes in value of certain foreign currencies relative to the Indian rupee. The repatriation of capital also may be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.
- **Risk factors related to securitized debt:** Different types of Securitized Debts in which the scheme would invest carry different levels and types of risks. Accordingly the scheme's risk may increase or decrease depending upon its investments in Securitized Debts e.g. AAA securitized bonds will have low Credit Risk than a AA securitized bond. Credit Risk on Securitized Bonds may also depend upon the Originator, if the bonds are issued with Recourse to Originator. A bond with Recourse will have a lower Credit Risk than a bond without Recourse. Underlying assets in Securitized Debt may be the receivables from Auto Finance, Credit Cards, Home Loans or any such receipts. Credit risk relating to these types of receivables depends upon various factors including macro-economic factors of these industries and economies. To be more specific, factors like nature and adequacy of property mortgaged against these borrowings, loan agreement, mortgage deed in case of Home Loan, adequacy of documentation in case of Auto Finance and Home Loan, capacity of borrower to meet its obligation on borrowings in case of Credit Cards and intentions of the borrower to influence the risks relating to the assets (borrowings) underlying the Securitized Debts. Holders of Securitized Assets may have Low Credit Risk with Diversified Retail Base on Underlying Assets, especially when Securitized Assets are created by High Credit Rated Tranches. Risk profiles of Planned Amortization Class Tranches (PAC), Principal Only Class Tranches (PO) and Interest Only Class Tranches (IO) will also differ, depending upon the interest rate movement and Speed of Prepayments. A change in market interest rates/prepayments may not change the absolute amount of receivables for the investors, but affects the reinvestment of the periodic cashflows that the investor receives in the securitized paper.

OTHERS:

- All the points mentioned in the Standard Observations have been included in this Scheme Information Document.
- This Scheme Information Document contains no deviations from, and neither have any subjective interpretations been applied to, the provisions of any regulations. All contents in this Scheme Information Document have been checked and are factually correct.
- No person is authorized to give any information or to make any representation not consistent with this Scheme Information Document in connection with the issue of units of LICMF Gilt Fund.
- Any information or representation contained herein this document must not be relied upon as having been authorized by the Mutual fund or the Investment manager.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme/Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). However, if such limit is breached during the NFO of the Scheme, the Fund will endeavor to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme / Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme / Plan(s) shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

C. SPECIAL CONSIDERATIONS

D. DEFINITIONS/ABBREVIATIONS USED

AMC	- ASSET MANAGEMENT COMPANY
IMA	- INVESTMENT MANAGEMENT AGREEMENT
LICMFAMC	- LIC MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED
LIC	- LIFE INSURANCE CORPORATION OF INDIA
LICMF	- LIC MUTUAL FUND
THE MUTUAL FUND	- LIC MUTUAL FUND
LICMF ULIS	- LICMF UNIT LINKED INSURANCE SCHEME
NAV	- NET ASSET VALUE

SEBI	- SECURITIES AND EXCHANGE BOARD OF INDIA
SEBI (MF) REGULATIONS 1996	- SECURITIES AND EXCHANGE BOARD OF INDIA (MUTUAL FUNDS) REGULATIONS 1996
RBI	- RESERVE BANK OF INDIA, ESTABLISHED UNDER THE RESERVE BANK OF INDIA ACT, 1934.
TRUSTEES	- TRUSTEES OF LIC MUTUAL FUND
BUSINESS DAY	- ANY DAY OTHER THAN A SATURDAY, A SUNDAY OR A DAY ON WHICH BANKS AT THE RESPECTIVE CENTRES ARE NOT REQUIRED OR OBLIGATED BY LAW OR EXECUTIVE ORDER TO REMAIN CLOSED.
CDSC	- CONTINGENT DEFERRED SALES CHARGE.
SWITCH	- SALE OF UNIT IN ONE SCHEME / PLAN AGAINST PURCHASE OF A UNIT IN ANOTHER OF LIC MUTUAL FUND.

E. DUE DILIGENCE CERTIFICATE

LICMF GILT FUND

It is confirmed that:

- I. The Scheme Information Document forwarded to SEBI is in accordance with the SEBI (MF) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- II. All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc. issued by the government and any other competent authority in this behalf, have been duly complied with.
- III. The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well-informed decision regarding investment in the proposed scheme.
- IV. All intermediaries named in the Scheme Information Document are registered with SEBI and till date such registration is valid.

Date: 31/03/2010

Place: Mumbai

Name: P. Ponpandian
Compliance Officer

LIC Mutual Fund Asset Management Co. Ltd.
Investment Managers to
LIC Mutual Fund

Note: The Due Diligence Certificate as given above was submitted to Securities and Exchange Board of India on 31/03/2010

II. INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME

- LICMF Govt. Securities Fund is an open ended dedicated Government Securities (Gilt) Scheme sponsored by LIC Mutual Fund.

B. INVESTMENT OBJECTIVE

The primary investment objective of the scheme is to generate credit risk free and reasonable returns for its investors through investments in sovereign securities issued by the Central and/or State Government and/or any security unconditionally guaranteed by the Central/State Government for repayment of Principal and Interest and/or reverse repos in such securities as and when permitted by RBI.

C. ASSET ALLOCATION

Type of Instruments	Indicative Allocation (% of corpus)	Deviation (%) from normal allocation	Risk Profile
G-sec instruments	Upto 100%	-	Low
Debt* / Money mkt.	Upto 40 %	25	Low to medium

* Debt includes government securities and securitized debt

D. SCHEME INVESTMENT

The Scheme proposes to invest in a mix of fixed G-sec and Debt and money market instruments with the aim of generating reasonable returns.

The Fund proposes to continuously monitor the potential to arrive at an optimum asset allocation between the asset classes.

The Scheme may invest in money markets instruments including call money market, or any other alternative permitted by Reserve Bank of India in lieu of Call money, term/notice money market and repos in order to meet the liquidity requirements or to meet the defensive nature the portfolio.

The Scheme may also invest in Govt. Securities, which may be those supported by the ability to borrow from the treasury; those with sovereign or state guarantee or those supported by the state govt. or the govt. of India in some other way.

The Fund may invest, subject to necessary approvals, in ADR's / GDR's of Indian Companies listed overseas. The Fund will employ necessary measures to manage foreign exchange movements arising out of such investments. The Fund may also invest in overseas securities with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI.

Changes in investment pattern:

Depending upon the market conditions, market opportunities available, the political and economic factors and subject to the Regulations, the percentage investments of the fund may vary at times, based on the perception of the Fund Manager within the overall investment objective of the scheme.

Investment of subscription money:

Pending deployment of funds of the scheme in securities in terms of investment objectives of the scheme, the AMC can invest the funds of the scheme in money market instruments. The income earned on such investments will be merged with the income of the scheme.

E. INVESTMENT STRATEGIES

The scheme aims at generating returns commensurate with zero credit risk by investing in securities created and issued by the investing in securities created and issued by the Central and/or a State Government or securities unconditionally guaranteed by the central and or/state government for repayment of Principal and interest and/or Repos/reverse Repos in such Government securities conforming to RBI guidelines for Gilt schemes. The scheme may also invest in a portion of the corpus in the call money market as may be provided by the RBI.

The percentage of investments of the fund in call/repo/notice market etc. may vary from time to time , based on the requirements of the scheme and/or the perception of the Fund Manager. The fund may also invest in such other securities as may be permitted from time to time.

Approach to investment in debt:

The investment in debt securities will usually be in instruments, which have been assigned as investment grade ratings by a recognized credit rating agency. In case a debt instrument is not rated, prior approval of Board of directors will be obtained for such investments. The Maturity profile of debt instruments will be selected in line with the outlook for the market. The investment strategy would emphasize investments in securities that give consistent returns at low levels of risks.

If the Scheme decides to invest in Securitized Debt and or Asset backed securities it is the intention of the investment manager that such investments will not normally exceed 30% of the corpus of the Scheme.

INVESTMENT BY LICMF GILT FUND IN OTHER SCHEMES MANAGED BY THE AMC:

LICMF GILT Fund may invest its funds with other schemes managed by LICMF AMC subject to regulations 44(1) of the SEBI Regulations 1996 and the AMC shall not charge any investment management fee for such investments.

PORTFOLIO TURNOVER:

Generally the AMC's Fund management encourages a low portfolio turnover rate. A high portfolio turnover may result in an increase in transaction, brokerage costs. However a high portfolio turnover may also be representative of the arising trading opportunities to enhance the total return of the portfolio.

F. FUNDAMENTAL ATTRIBUTES

(i) **TYPE OF A SCHEME** : An Open-ended G-Sec scheme.

(ii) **INVESTMENT OBJECTIVE**

The primary investment objective of the scheme is to generate credit risk free and reasonable returns for its investors through investments in sovereign securities issued by the Central and/or State Government and/or any security unconditionally guaranteed by the Central/State Government for repayment of Principal and Interest and/or reverse repos in such securities as and when permitted by RBI.

(iii) **TERMS OF ISSUE**

LIQUIDITY – Repurchases are allowed on all business days an ongoing basis from the date of allotment.

LISTING - As the scheme is open ended, the units of the Scheme will not be listed on any Stock Exchange. However Trustees reserve their right to list the Units of the Scheme on any Stock Exchange, subject to the regulations.

SUMMARY OF EXPENSES AND FINANCIAL INFORMATION

The expense structure of the Scheme, the different fees and their percentage an investor is likely to bear on purchase or sale of units of the Scheme directly or indirectly are as follows:

G. EXPENSES OF THE SCHEME

a)	UNITHOLDER TRANSACTION EXPENSES	
i)	Sales/Entry Load on purchases/Reinvestment of Dividends:	Nil
ii)	Repurchase / Redemption / Exit Load:	Nil
iii)	CDSC:	Nil
b)	SWITCHOVER /EXCHANGE FEE (as % of the NAV):	Nil

The Fund reserves the right to introduce, revise, and review the entry / exit load described above from time to time within the permissible limits prescribed by SEBI. The revised load will be applicable to the Unit holders prospectively.

* Any load / fee charged will be within the admissible limits under the Regulations in force at that time.

* All loads including CDSC for each scheme shall be maintained in a separate account and may be utilized by the AMC towards meeting the selling and distribution expenses.

The following measures may be utilized by the Fund to avoid investor complaints about investment in the scheme without knowing the loads.

* The addendum detailing the changes in load structure may be attached to Scheme Information Documents and abridged Scheme Information Documents. The addendum detailing the changes may be circulated to all distributors / brokers so that the same can be attached to all Scheme Information Documents and abridged Scheme Information Documents already in stock. The addendum may be sent along with the newsletter to the unit holders immediately after the changes.

* Arrangements may be made to display the changes modifications in the Scheme Information Document in the form of a notice in all the investor service centres and distributors/ brokers office.

* The introduction of the exit load /CDSC along with the details may be stamped in the acknowledgement slip issued to the investors on submission of the stamped application form and may also be disclosed in the statement of accounts issued after the introduction of such load/CDSC.

• Any other measures the fund may feel necessary.

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustees shall ensure that no change in the fundamental attributes of the Scheme(s) and the Plan(s) / Option(s) there under or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) there under and affect the interests of Unit holders is carried out unless:

• A written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and

• The Unit holders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

H. BENCHMARK

The Scheme being an open ended Growth scheme, it will broadly track the **I-Sec Composite Gilt** based on the specified asset allocation pattern herein.

I. FUND MANAGER

NAME	AGE	QUALIFICATION	EXPERIENCE	OTHER SCHEMES HANDLED
Mr. Ashish Kumar	39	MBA (Finance)	<ul style="list-style-type: none"> • Asst. Manager (Finance) LICMFAMC-3 years • Manager (Finance) LICMFAMC-5 years • Presently A.G.M. (Finance) - LICMFAMC Ltd. 	<ul style="list-style-type: none"> • LIC MF BOND FUND • LIC MF LIQUID FUND • LIC MF CHILDREN'S FUND • LIC MF SAVINGS PLUS • LIC MF FLOATING RATE FUND • LIC MF INCOME PLUS • LIC MF GSEC FUND

J. INVESTMENT RESTRICTIONS

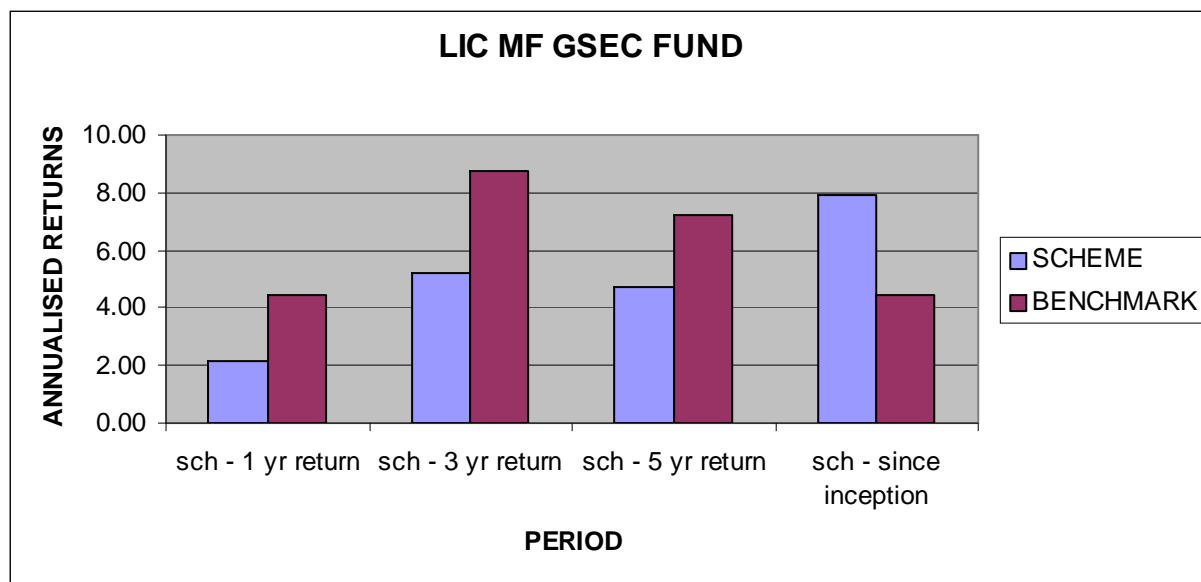
Pursuant to the Securities and Exchange Board of India (Mutual Funds) Regulations 1996 [Regulations 44(1)], the following investment and other limitations are presently applicable to the scheme: -

- 1) Not more than 15% of the schemes NAV shall be invested in debt instruments issued by a single issuer rated not below investment grade by an authorized credit rating agency. Such an investment limit may be raised to 20% of the scheme's NAV provided that the specific approval of the AMC shall be taken for investment. These limits shall not apply for investments in Government securities and money market instruments.
- 2) Not more than 10% of the scheme's NAV shall be invested in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the scheme's NAV provided that the specific approval of the AMC and Trustee Board shall be taken for investment.
- 3) No loans for any purpose will be advanced by the scheme for any purpose. Lending of securities will be in accordance with the stock-lending scheme of SEBI.
- 4) Transfers of investments from one scheme to another in the mutual fund shall be allowed only if: -
 - i) Such transfers are done at the prevailing market price for quoted instruments on spot basis.
 - ii) The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
- 5) The investment manager may, from time to time invest its own funds in the scheme at its discretion. However, the investment manager shall not be entitled to charge any fees on its investments in the scheme.
- 6) A scheme may invest in another scheme under the same AMC or any other Mutual Fund without charging any fees, provided the aggregate inter-scheme investment made by all schemes under the same management company shall not exceed 5% of the net asset assets of the mutual fund.
- 7) The Mutual Fund may borrow to meet liquidity needs, for the purpose of repurchase, redemption of units or payment of interest or dividend to the unit holders and such borrowings shall not exceed 20% of the net assets of the scheme and duration of the borrowing shall not exceed 6 months.
- 8) The Mutual Fund's schemes shall not invest in any unlisted securities of the group/associate company of the sponsor and in any privately placed security issued by associate or group company of the sponsor. LIC Mutual Fund will also ensure that the aggregate investment by any scheme in the listed securities of the group companies of the sponsor shall not exceed 25% of the net assets of the scheme.
- 9) The sale and purchase of securities shall take place on the basis of deliveries and in all cases of purchases the Mutual fund shall take delivery of relative securities and in all cases of sale deliver the securities and shall in no case put itself in a position whereby it has to make a short sale or carry forward transactions or engage in badla. However the Mutual fund may enter into derivative transactions in a recognized stock exchange for the purpose of hedging or portfolio balancing in accordance with the guidelines issued by the board.
- 10) The Mutual fund shall get the securities purchased or transferred in the name of the mutual fund on account of the scheme, wherever investments are intended to be of a long-term nature.

- 11 Pending deployment of funds of the scheme in securities in terms of the investment objectives of the scheme the mutual fund can invest the funds of the scheme in short term deposits of scheduled commercial banks.
- 12) The Trustee of the Mutual Fund may alter these limitations from time to time to the extent the SEBI regulations change so as to permit the scheme to make its investments in the full spectrum of permitted investments for the Mutual Fund in order to achieve its investment objectives. All investments of the Scheme will be made in accordance with the SEBI (Mutual Funds) Regulations, 1996, including Schedule VII thereof.

K. SCHEME PERFORMANCE

Compounded Annualized Returns	Scheme Returns %	Benchmark Returns %
Returns for the last 1 year	2.15	4.42
Returns for the last 3 year	5.21	8.75
Returns for the last 5 year	4.75	7.24
Returns since inception	7.91	4.44



III. UNITS AND OFFER

This section provides details you need to know for investing in the scheme.

A. NEW FUND OFFER (NFO)

B. ONGOING OFFER DETAILS

<p>Ongoing Offer Period</p> <p>This is the date from which the scheme will reopen for subscriptions / redemptions after the closure of the NFO period</p>	<p>Being an open ended scheme, units will be offered at NAV based price</p>
<p>Ongoing price for subscription (purchase)/switch-in (from other schemes / plans of the Mutual Fund) by investors.</p> <p>This is the price you need to pay for purchase / switch-in.</p> <p>Example: If the applicable NAV is Rs. 10/-, entry load</p>	<p>At the applicable NAV subject to prevailing entry load.</p>

<p>is 2% then the sales price will be:</p> <p style="text-align: center;">Rs.10*(1+0.02) = Rs. 10.20</p>	
<p>Ongoing price of redemption (sale) / switch-outs (to other schemes / plans of the Mutual Fund) by investors.</p> <p>This is the price you will receive for redemption / switch-outs.</p> <p>Example: If the applicable NAV is Rs. 10/-, exit load is 2% then the redemption price will be:</p> <p style="text-align: center;">Rs.10*(1-0.02) = Rs. 9.80</p>	<p>At the applicable NAV subject to prevailing exit load.</p>
<p>Cut off timing for subscriptions/redemptions/switches.</p> <p>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p>For purchase, valid applications received upto 3 p.m. by at the authorized centres along with a local cheque/DD payable at par at the place where application is received; the closing NAV of the day on which application is received shall be applicable. If the application is received after 3 p.m., the closing NAV of the next business day on which the application is received shall be applicable. However, in respect of valid applications with outstation cheques/DD not payable at par at the place where the application is received, closing NAV of the day on which cheque/DD is credited shall be applicable.</p> <p>For redemptions, valid application received up to 3 p.m. at the authorized centres, same day's closing NAV shall be applicable. If received after 3 p.m., closing NAV of the next business day shall be applicable. However, in respect of purchase of units in Income / Debt oriented schemes with amount equal to or more than Rs. 1 crore, irrespective of the time of receipt of application, the closing NAV of the day the funds are available for utilization shall be applicable.</p> <p>Valid applications for "switch out" shall be treated as redemptions and for "switch in" shall be treated as purchase and the above mentioned guidelines shall be applicable.</p>
<p>Where can the applications for purchase / redemption switches be submitted?</p>	<p>Domestic investors -</p> <p>Duly filled in applications with subscriptions can be submitted at the authorized collection centres along with local cheques/DD payable at the authorized centres only. Payment by cash may not be accepted.</p> <p>NRI's on a fully repatriable basis-</p> <p>In case of NRIs, payment may be made by means of a Draft in Indian Rupees purchased abroad or by cheque/DD drawn on Non resident (External) /FCNR Accounts, payable at the authorized centres only. Payments may also be made through Demand drafts or other instruments permitted under the Foreign Exchange Management Act.</p> <p>NRI's on a non-repatriable basis-</p> <p>NRIs can invest by cheques/DD's drawn out of Non resident (Ordinary) Accounts.</p> <p>Presently area offices of LICMFAMC and Chief Agent / Marketing Associate centres are collection centres for the Scheme. The AMC may at its sole discretion</p>

	<p>change its authorized centres at a later date.</p> <p>Note:</p> <p>The application form no. should be noted on the reverse of all cheques and bank drafts accompanying the application form.</p>
Minimum amount for purchase/redemption/switches	Rs10000/- and thereafter in multiples of Re.1000/-
Minimum balance to be maintained and consequences of non-maintenance	The Mutual Fund may close an investor's account whenever, for any reasons, the number of units falls below the minimum balance of 5000 for regular plan and Rs. 10000/- for PF plan and the investor fails to invest sufficient amount to bring the number of units to 500 and 1000 resp. within 30 days from the date of notice sent by LIC Mutual Fund.
Special Products available	Systematic Investment Plan (SIP) / Systematic Withdrawal Plan (SWP) / Systematic Transfer Plan (STP) / Automatic withdrawal of capital appreciation (AWOCA)
Accounts statements	<p>For normal transactions (other than SIP/STP) during ongoing sales and repurchases:</p> <p>The AMC shall issue to the investor whose application (other than SIP/STP) has been accepted, an account statement specifying the number of units allotted (state the service standard for the same)</p> <p>For those unit holders who have provided an e-mail address, the AMC will send the account statement by e-mail.</p> <p>The unit holder may request for a physical account statement by writing/calling the AMC/ISC/R&T. (state procedure)</p> <p>For SIP/STP transactions:</p> <p>Account statement for SIP and STP will be dispatched once every quarter ending March, June, September and December within 10 working days of the end of the respective quarter.</p> <p>A soft copy of the Account statement shall be mailed to the investors under SIP / STP to their e-mail address on a monthly basis, if so mandated.</p> <p>However, the first account statement under SIP/STP shall be issued within 10 working days of the initial investment/transfer.</p> <p>In case of specific request received from investors, Mutual Funds shall provide the account statement (SIP/STP) to the investors within 5 working days from the receipt of such request without any charges.</p> <p>Annual Account Statement:</p> <p>The Mutual funds shall provide the account statement to the unit holders who have not transacted during the last six months prior to the date of generation of account statements. The account statement shall reflect the latest closing balance and value of the units prior to the account statement.</p> <p>The account statements in such cases may be generated and issued along with the portfolio statement or Annual report of the scheme.</p>

	Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.
Dividend	Depending upon the earnings, returns in the shape of dividend will be declared subject to availability of distributable surplus. The dividend income will be reinvested in the scheme units at the prevailing Selling Price. However declaration of Dividend and /or issue of Bonus units to the unit holder will be on the basis of income earned and other factors including the taxation angle and at the absolute discretion of the Trustees. The dividend warrants shall be dispatched to the unit holders within 30 days of the date of declaration of the dividend.
Redemption	The redemption or repurchase proceeds shall be dispatched to the unit holders within 10 working days from the date of redemption or repurchase.
Delay in payment of redemption / repurchase proceeds	The Asset Management Company shall be liable to pay interest to the unit holders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

C. PERIODIC DISCLOSURES

<p>Net Asset Value</p> <p>This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with our unit balance.</p>	<p>The Mutual Fund shall declare the Net Asset value of the scheme on every business day on AMFI's website www.amfiindia.com by 9:00 p.m. and also on our website at www.licmutual.com</p>
<p>Half yearly disclosures: Portfolio / Financial results</p> <p>This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.</p>	<p>The mutual fund shall publish a complete statement of the scheme portfolio and the unaudited financial results, within one month from the close of each half year (i.e. 31st March and 30th September), by way of an advertisement at least, in one National English daily and one regional newspaper in the language of the region where the head office of the mutual fund is located.</p> <p>The mutual fund may opt to send the portfolio to all unit holders in lieu of the advertisement (if applicable).</p>
<p>Half yearly results</p>	<p>The Trustees and the AMC shall, at the close of each half year, i.e. 31st March & 30th September, publish the unaudited Half yearly financial results of the schemes in one English daily newspaper and in a local vernacular newspaper before the expiry of 1 month.</p> <p>In addition the portfolio can also be obtained upon specific request at the authorized centres of the Fund and on its web site 'www.licmutual.com'.</p>
<p>Annual Report</p>	<p>The scheme-wise Annual Report of the Mutual Fund or an abridged summary thereof shall be published as soon as may be but not later than 6 months from the date of closure of the relevant accounts year as per the Eleventh schedule of the regulations.</p> <p>An Abridged scheme-wise annual report and the portfolio shall be mailed to all Unit holders not later than 6 months from the date of closure of the relevant accounting year and the full annual report shall be available for inspection at the corporate office of LIC Mutual Fund and a copy shall be made available to the Unit holders on request on payment of nominal fees, if</p>

	any.
Associate Transactions	Please refer to Statement of Additional Information (SAI)
Taxation	For details on taxation please refer to the clause of taxation in the SAI.
Investor services	Ms. ARLEENE D'SOUZA A.G.M. LIC Mutual Fund 4TH FLOOR, INDUSTRIAL ASSURANCE BUILDING, OPP. CHURCHGATE STATION, MUMBAI – 400 020. TELEPHONE NO. – 022 22810343 EMAIL: redressal@licmutual.com

D. COMPUTATION OF NAV

1) CALCULATION OF NET ASSET VALUE:

The NAV shall be calculated and declared on each business day in accordance with the SEBI guidelines from time to time and will be displayed / made available at the Corporate office, Registrars office and other Authorized Centers such as the Area Offices. The NAV along with the sale and repurchase prices will also be published in at least 2 daily newspapers along with the sale and repurchase price on all business days accordance with SEBI guidelines, and made available on our website and AMFI website on a daily basis. NAV shall be calculated up to 4 decimal places as follows.

$$\text{NAV} = \frac{\text{Total Unit Cap. + Reserves + income (net of expenses \& provisions) + (-) Appreciation/ (Depreciation) in investment}}{\text{No. of Units outstanding}}$$

IV. FEES AND EXPENSES

This section outlines the expenses that will be charged to the scheme.

A. NEW FUND OFFER (NFO) EXPENSES

B. ANNUAL SCHEME RECURRING EXPENSES: (as a % of average weekly net assets)

The following are the estimated recurring expenses as percentage of average weekly net assets.

Particulars	% of Net Assets
Investment Management & Advisory fee	0.75%
Custodial fees	0.10%
Registrar & Transfer agent fees including cost related to providing accounts statements, dividend / redemption cheques / warrants etc.	0.20%

Marketing & selling expenses including agents commission and statutory advertisement.	0.45%
Brokerage & transaction cost pertaining to the distribution of units.	
Audit fees / fees and expenses of trustees.	
Costs related to investors communications	
Costs of fund transfer from location to location	
Other expenses *	
Total Recurring Expenses	1.50%

The purpose of the above table is to assist the investor in understanding the various costs and expenses that he will bear directly or indirectly.

The total annual recurring scheme expenses is estimated at 1.50% of the average weekly net assets and the total expenses of the scheme excluding issue or redemption expenses whether initially borne by the mutual fund or by the AMC, but including the management and advisory fees (together with additional management fee, if levied) shall not exceed the following Statutory limits on the total annual recurring expenses of the scheme as prescribed under Regulation 52(6) of the SEBI Regulations:

First 100 crore net assets	Next 300 crore	Next 300 crore	Balance
2.25%	2.00%	1.75%	1.50%

These estimates have been made in good faith as per the information available to the Investment manager based on past experience and are subject to change inter-se. Types of expenses charged shall be as per the SEBI (MF) Regulations.

C. LOAD STRUCTURE

Load is an amount that is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC (www.licmutual.com) or may call at Area offices / Business Centers or your distributor.

Type of Load	Load chargeable (as %age of NAV)
Entry	Nil
Exit*	Less than 1 year: 1% 1 year or more: Nil

Load exemptions, if any: (e.g. Fund of Funds)

Bonus units and units issued on reinvestment of dividends shall not be subject to entry and exit load.

All loads including Contingent Deferred Sales Charge (CDSC) for the scheme shall be maintained in a separate account and may be utilized towards meeting the selling and distribution expenses. Any surplus in this account may be credited to the scheme, whenever felt appropriate by the AMC.

The investor is requested to check the prevailing load structure of the scheme before investing.

For any change in the load structure the AMC will issue an addendum and display it on the website / investor service centres.

V. RIGHTS OF UNITHOLDERS

Please refer to SAI for details

VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY.

There are no enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party.

“Notwithstanding anything contained in the Scheme Information Document the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.”

This Scheme Information Document contains no clause, which limits the jurisdiction for settlement of claims of the investors to a specific place/region.

The Board of Trustees has approved the modifications to this Scheme Information Document. The revised Scheme Information Document has been submitted to SEBI as per regulations on 31/03/2009

For and on behalf of the Board of Directors of the
Asset Management Company of the Mutual Fund

Place: Mumbai
Date: 31/03/2010

sd/-
Mr. Sushobhan Sarker
Chief Executive Officer