

Date: September 13, 2013

As per provisions of Valuation Policy of Religare Invesco Mutual Fund (**‘the Policy’**), the valuation of Government securities/State Government Securities (SDL)/T Bills/Cash Management Bills (CMBs) would be based on the average of security level prices received from AMFI designated agencies except in cases of T-bills and CMBs upto 60 days which would be based on amortization basis of security level prices available from designated agencies.

Background of proposal for deviation from the Policy:

The prices of T-bills and CMBs upto 60 days maturity received from the designated agencies are distorted in case of T+1 settlement where the prices are derived on a T+1 business day and not calendar day (e.g. over the weekend, price on Friday would include the accrual for Saturday and Sunday).

The above methodology for valuation of T-bills, CMBs or any other zero coupon government securities upto 60 days causes price distortion in case of T+1 settlement dates (e.g. on a weekend/holidays), whereas in case of T+1 settlement of other money market instruments upto 60 days, the accrual is amortised over the weekend/ holidays i.e. Friday, Saturday and Sunday.

Rationale of proposal for deviation from the Policy:

To ensure true, fair and correct valuation, the Valuation Committee of Religare Invesco Mutual Fund decided to approve deviation from the Policy by arriving at the price of T-bills, CMBs or any other zero coupon government securities upto 60 days for T+1 settlement dates by carrying out amortization on straight line basis adjusted for settlement dates.