

Date: July 16, 2013

Details of Security are as follows:

<b>Name</b>	Andhra Bank	Indian Bank	Bank of India
<b>Type of Security</b>	Certificate of Deposit (CD)	Certificate of Deposit (CD)	Certificate of Deposit (CD)
<b>Maturity Date</b>	August 5, 2013	August 5, 2013	August 2, 2013
<b>Credit Rating</b>	A1+ CARE	A1+ IND	A1+ CRISIL
<b>Face Value (Rs.)</b>	25,00, 00,000	50,00, 00,000	25,00, 00,000

Nature of Deviation	Rationale for Deviation
<p>As per guidelines for valuation of securities stated in the Valuation Policy of Religare Invesco Mutual Fund (<b>‘the Policy’</b>), Inter Scheme Transfer (<b>‘IST’</b>) of instruments maturing below 1 year can be done only at the weighted average yield / price of traded securities (excluding IST of others), if there are at least three trades with each trade being of a minimum Face Value of Rs. 25 crores, aggregating to Rs. 100 crores or more for same or similar security on a public platform or Trades of the AMC of minimum Face Value of Rs. 5 crores.</p> <p>Based on couple of trades in the market and reported on the FIMMDA platform in Indian Bank CD maturity date as August 5, 2013 totaling Rs 75 crs at a weighted average yield of 10%, the ISTs of Indian Bank CD having maturity date as August 5, 2013, Andhra Bank CD having maturity date as August 5, 2013, and Bank of India CD having maturity date as August 2, 2013 (<b>‘Said Securities’</b>) are executed at a yield of 10%, instead of weighted average yield of all market trades for same or similar security executed on July 16, 2013, the said pricing of ISTs is in deviation from provisions of the Policy.</p> <p>The Valuation Committee has approved above methodology for IST valuation of the Said Securities to ensure true, fair and correct valuation.</p>	<p>The justification for deviation is as follows:</p> <ol style="list-style-type: none"> <li>Given the unexpected monetary measures undertaken by RBI the market was volatile throughout the day.</li> <li>At the time of the IST there were two market trades in CD of Indian Bank having maturity date as August 5, 2013, aggregating Rs.75 Crs. at a yield of 10% on July 16, 2013.</li> <li>The IST securities i.e. Indian Bank CD having a maturity date as August 5, 2013 is a same security as referred in point #2 and Andhra Bank CD having maturity date as August 5, 2013, &amp; Bank of India CD having maturity date as August 2, 2013, are similar securities that of referred security in point #2 maturing within +/- 15 working days and are of similar credit profile issued by PSU Banks.</li> </ol>

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On July 15, 2013, after market hours, Reserve Bank of India (RBI) has announced hike in the Marginal Standing Facility (MSF) rate to 10.25% and a cap on Liquidity Adjustment Facility (LAF) borrowing at 1% of Net Demand and Time Liability (NDTL) in order to contain volatility in currency market. As a result of the same, there has been a sharp spike in short term yields on July 16, 2013 and yields at the shorter-end have moved up on an average by 1.5-2%.

As per valuation policy of Religare Invesco Mutual Fund (“**the Policy**”), instruments maturing  $\leq 60$  days are valued on amortisation basis provided that the price is within the band of  $\pm 0.10\%$  of the matrix price as set by CRISIL/ICRA. As there has been sudden spike in short term yields which are beyond the band of  $\pm 0.10\%$  of the matrix price as set by CRISIL/ICRA and the amortised prices of such instruments are not representing market value, they are resulting in unrealistic net asset value of the schemes of mutual funds. In this background, Association of Mutual Funds In India (AMFI) vide its e-mail dated July 16, 2013, suggested that instruments maturing  $\leq 60$  days can be valued at the matrix yield or higher level depending upon the individual assessment of the illiquidity premium and requirement of amortisation of such securities can be dispensed with, across mutual fund industry for July 16, 2013.

In this context, it was decided to value instruments maturing  $\leq 60$  days at CRISIL /ICRA matrix yields released on July 16, 2013, instead of valuing these instruments on amortization basis, to ensure true, fair and correct valuation.