RELIGARE Invesco
Mutual Fund

Date: July 24, 2013

On July 23, 2013, after market hours, Reserve Bank of India (RBI) has announced reduction in the overnight borrowing limit to banks to 0.5% of Net Demand and Time Liability (NDTL) from the previous 1% of NDTL in order to contain volatility in currency market. Additionally, banks are also required to maintain a minimum daily CRR balance of 99% of the requirement, up from the current minimum of 70% requirement. As a result of the same, there has been a sharp spike in short term yields on July 24, 2013 and yields at the shorter-end have moved up on an average by 50-75bps.

As per valuation policy of Religare Invesco Mutual Fund ("**the Policy**"), instruments maturing <= 60 days are valued on amortisation basis provided that the price is within the band of +/-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 +/-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 24, 2013, suggested that instruments maturing <= 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 24, 2013.

In this context, it was decided to value instruments maturing <= 60 days at CRISIL /ICRA matrix yields released on July 24, 2013, instead of valuing these instruments on amortization basis, to ensure true, fair and correct valuation.