

SCHEME INFORMATION DOCUMENT

LICMF INTERVAL FUND (A Debt oriented Interval Scheme)

Offer of Units of Rs.10/- each for cash during the New Fund Offer

New Fund Offer Opens on: -----
New Fund Offer Closes on: -----
Scheme Re-opens for Repurchase on: -----

Name of Mutual Fund: LIC Mutual Fund
Name of Asset Management Company : LIC Mutual Fund Asset Management Co. Ltd.
Name of Trustee Company: LIC Mutual Fund Trustee Company Pvt. Ltd.
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The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Fund) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and file with SEBI, along with a Due Diligence Certificate from the 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 Centers / 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

The Scheme Information Document is dated 28/07/2008

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HIGHLIGHTS/SUMMARY OF THE SCHEME

- **Nature:** A debt oriented Interval Scheme.
- **Investment Objective:** The investment objective of the Scheme is to generate income and growth of capital by investing in debt securities and money market instruments
- **Scheme: An interval fund with plans as mentioned below:**

Plan	No. of Series	Name of Series
Monthly Plan	1	Monthly Plan - Series 2
Quarterly Plan	3	Quarterly Plan - Series 2 Quarterly Plan - Series 3 Quarterly Plan - Series 4

- **Options:** Each Fund offers investment under both dividend as well as growth options. Under dividend option, investors can choose either dividend payout mode or dividend reinvestment mode
 - **Entry Load:** Nil
 - **Exit Load:** There will be no exit load during the Specified Transaction Period. However, there will be exit load if the investor exits on any day other than Specified Transaction Period.
 - **New Fund Offer Price:** Rs. 10/- per unit
 - Minimum investment: Rs.10,000/- and thereafter in multiples of Re.1/-
 - **NAV Declaration :** NAV calculated up to 4 decimal places and declared on all business days.
 - **Easy Liquidity:** On an ongoing basis subject to no exit load during the Specified Transaction Period and applicable load on any day other than the Specified Transaction Period..
- Specified Transaction Period:** This is the specified Date(s) / Period on / during which Subscription / Redemption / Switch-in / Switch-out may be made in the scheme without Load, provided such a day is a 'Working Day'. In case such a day is non-working day, then the immediate next working day shall be considered as the "Specified Transaction Period". The Specified Transaction Period would be different for Monthly / Quarterly Plans.

Name of the Plan	Frequency	Specified Transaction Period
Monthly Plan	Once every month	Shall be opened for 3 days for subscription / redemption / switch-in / switch-out without any load, every month after expiry of one month from the date of allotment after the closure of the NFO
Quarterly Plan	Once every quarter	Shall be opened for 5 days for subscription / redemption / switch-in / switch-out without any load, every quarter after expiry of one quarter from the date of allotment after the closure of the NFO

While switch-out and redemption are allowed on all other working days other than the Specified Transaction Period with applicable load, subscription of units is allowed only on or during the specified Transaction Period.

In case of Monthly Interval Fund, Specified Transaction Period will be 31st day, 32nd day and 33rd day from the date of allotment, the date of allotment being the next business after the closure of NFO / STP.

In case of Quarterly Interval Fund, Specified Transaction Period will be 91st day, 92nd day, 93rd day, 94th day and 95th day from the date of allotment, the date of allotment being the next business after the closure of NFO / STP.

At the time of applying for units during NFO or STP for those unitholders who have opted for redemption, the redemption proceeds will be paid directly as on the date of maturity and those who opted for roll-over the maturity proceeds will be directly rolled-over and those who opted nothing, the maturity proceeds will by default rolled-over. However, the unitholders are free to change their option after issue of Statement of Account without any load.

The AMC reserves the right to change / alter the Specified Transaction Period depending on the prevailing market conditions and to protect the interest of investors.

- **Repatriation Facility** : NRIs, FIIs and PIOs may invest in the scheme on full repatriation basis. (Investment will be governed by rules laid down by RBI/SEBI in this regard).
- Nomination facility available.

Investors are advised to read the offer document carefully before investing.

I. INTRODUCTION

A. RISK FACTOR-2

STANDARD RISK FACTORS

- Mutual funds and securities investments are subject to market risks and there is no assurance and no guarantee that the objectives of the mutual fund shall 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 Interval 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 for an amount of Rs. 2 Crore towards setting up of the Mutual Fund.
- Investors in the scheme are not being offered any assured /guaranteed returns. Further, the Fund/AMC is not guaranteeing or assuring any returns. The Fund/AMC is also not assuring or guaranteeing that it will be able to make regular dividend distributions to its Unitholders, though, it has every intention to manage the portfolio so as to make such payments to the Unitholders. Dividend payments will be dependent on the returns achieved by the AMC through active management of the portfolio. The dividend distributions may, therefore, vary from month to month, quarter to quarter or year to year, based on investment results 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 after the close of the NFO itself i.e. at the time of allotment and therefore the time period of three months to balance will not be available, failing which the provisions of Regulation 39 (2) (c) of SEBI (Mutual Funds) Regulations, 1996 would become applicable automatically without any reference from SEBI. Accordingly, the schemes/plans

shall be wound up by following the guidelines prescribed by SEBI and the investors' money would be redeemed at applicable NAV. After the NFO, in each subsequent calendar quarter thereafter, on an average basis the scheme/plan should meet with both the conditions mentioned above.

RISK FACTORS SPECIFIC TO SCHEME

- The scheme is a close-ended scheme. It is not proposed to be listed on any stock exchange at present.
- **Risk factors related to debt security:** 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 offer 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 carry 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.
- **Price-Risk or Interest-Rate Risk:** Fixed income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.
- **Credit Risk:** In simple terms this risk means that the issuer of a debenture/bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the Scheme has invested in Government securities, there is no credit risk to that extent.
- **Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **Risk factors related to securitised debt:** Different types of Securitised 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 Securitised Debts e.g. AAA securitised bonds will have low Credit Risk than a AA securitised bond. Credit Risk on Securitised 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 Securitised Debt may be the receivables from Auto Finance, Credit Cards, Home Loans or any such receipts. Credit risk relating to these types of receivables depend 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 Securitised Debts. Holders of Securitised Assets may have Low Credit Risk with Diversified Retail Base on Underlying Assets, especially when Securitised 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 Pre-payments. 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 securitised paper.
- **Risk factors related to floating rate instruments:** The fund may invest in floating rate instruments. These instruments' coupon will be reset periodically in line with the benchmark index movement. The changes in the prevailing rates of interest will affect the value of the Plan's holdings and thus the value of the Plan's Units. The fund could be exposed to the interest rate risk (i) to the extent of time gap in resetting of the benchmark rates, and (ii) to the

extent the benchmark index fails to capture the interest rate movement. Though the basis (i.e. benchmark) gets readjusted on a regular basis, the spread (i.e. markup) over benchmark remains constant. This can result in some volatility to the holding period return of floating rate instruments. If the floating rate asset is created by swapping the fixed return to a floating rate return then there may be an additional risk of counter-party who will pay floating rate return and receive fixed rate return. Due to the evolving nature of the floating rate market, there may be an increased degree of liquidity risk in the portfolio from time to time.

- 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.
- Risks associated with investment in derivatives⁵: 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 unitholders 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.

"Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies"

Mutual fund shall enter into derivative transactions only for the purpose of hedging, portfolio balancing and other derivative strategies.

The risks associated with the use of derivatives are different from or possibly greater than the risks associated with investing directly in securities and other traditional investments

- 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 options indicated herein this document are subject to tax laws in force for the time being. The tax benefits described herein this Offer 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*

OTHERS

- No person is authorized to give any information or to make any representation inconsistent with this offer document in connection with the New Fund offer and/or issue of units of LICMF Interval Fund.
- *This Offer Document includes all the points mentioned in the Standard Observations issued by SEBI.*
- *This offer document contains no deviations from, and neither have any subjective interpretations been applied to, the provisions of any regulations. All contents in this offer document have been checked and are factually correct.* 24
- Any information or representation not contained herein this document, must not be relied upon as having been authorised by the Mutual fund or the Investment manager.
- *All information in the offer and abridged offer document has been updated considering the standard observations, 30 days before the launch of the scheme.*-23
- *The Standard Observations/Clarifications, as far as possible and applicable shall also be followed in case of existing schemes till the offer documents are revised and updated*

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme(s) and Individual Plan(s) under the Scheme(s) shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme(s)/Plan(s). These conditions will be complied with immediately after the close of the NFO itself i.e. at the time of allotment. In case of non-fulfillment with the condition of minimum 20 investors, the Scheme(s)/Plan(s) shall be wound up in accordance with Regulation 39 (2) of SEBI (MF) Regulations, automatically without any reference from SEBI. In case of non-fulfillment with the condition of 25% holding by a single investor on the date of allotment, the application to the extent of exposure in excess of the stipulated 25% limit would be liable to be rejected and the allotment would be effective only to the extent of 25% of the corpus collected. Consequently, such exposure over 25% limits will lead to refund within 6 weeks of the date of closure of the New Fund Offer.

C. SPECIAL CONSIDERATIONS, IF ANY

Investors are requested to read the terms of SID carefully before investing in the scheme and to retain the SID for future reference

D. DEFINITIONS

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
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.
THE TRUSTEE	LIC MUTUAL FUND TRUSTEE COMPANY PRIVATE LIMITED
BUSINESS DAY	ANY DAY OTHER THAN A SATURDAY, A SUNDAY OR A DAY ON WHICH BANKS AT CORPORATE OFFICE ARE REQUIRED OR OBLIGATED BY LAW OR EXECUTIVE ORDER TO REMAIN CLOSED.
CDSC	CONTINGENT DEFERRED SALES CHARGE.
FII	FOREIGN INSTITUTIONAL INVESTORS REGISTERED WITH SEBI
STP	SPECIFIED TRANSACTION PERIOD
SWITCH	SALE OF UNIT IN ONE SCHEME /PLAN AGAINST PURCHASE OF A UNIT IN ANOTHER

E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

LICMF Interval Fund

It is confirmed that :

- I. The draft offer 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 Offer 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 offer document are registered with SEBI and till date such registration is valid.

Date: 28/07/2008

Place : Mumbai

Signature :

Name : P. Ponpandian

Compliance Officer & Company Secretary
LIC Mutual Fund Asset Mgmt. Co. Ltd.
Investment Managers to
LIC Mutual Fund

The aforesaid Due Diligence Certificate is being filed with SEBI on 28/07/2008.

II. INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME

A debt oriented interval scheme

B. INVESTMENT OBJECTIVE OF THE SCHEME

The investment objective of the Scheme is to generate income and growth of capital by investing in debt securities and money market instruments

C. ASSET ALLOCATION PATTERN

Under normal circumstances, it is anticipated that the asset allocation would be as under **-14**

Instruments	Normal Allocation (% of net assets)		Risk Profile
	Min	Max	
Debt* securities and Money Market Instruments	0	100	Medium to Low

* debt includes securitised debt upto 100% **-4**

Investment in derivative instruments shall be made for the hedging purpose only to protect the interest of the investors and the total exposure in the derivative will not be more than 50% of the Net Asset of the scheme.

Investment in Debt :

- a) The AMC may retain the option to alter the asset allocation for a short term period on defensive considerations.
- b) All debt instruments other than Government securities in which investments are made by the scheme should have been rated above investment grade by CRISIL/ICRA/CARE/FITCH or any other credit rating agencies which may be recognised from time to time. However if any debt instrument is not rated, the specific approval of the Board of Directors of the LICMF AMC Ltd. shall be taken for investment.
- c) The investments shall be made only in transferable securities and the funds of the scheme shall not be used in short selling or carry forward transactions.
- d) The Maturity profile of debt instrument 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.

DEBT MARKETS IN INDIA :-12

The major debt investment options include rated corporate debentures/bonds, PSU bonds, Bonds of Central govt. bodies which carry a central govt. guarantee for repayment of principal and of interest apart from other instruments like Mibor -linked NCDs , Bank CDs and rated CPs for parking of funds in the short term .

The past couple of years have seen a substantial deepening of the Wholesale Debt market. The volume of trades have increased substantially. There have been major changes like a rate cut in contractual savings, a cut in the Bank rate and reduction in CRR. Uncertain domestic as well as international ecopolitical situations have also increased volatility in the Debt markets.

Currently the indicative yields for some of the money market instruments are as follows :

INSTRUMENTS	INDICATIVE YIELDS AS 24/07/2008
Call Rate	9.40% / 9.50%
CBLO (Weigh Avg)	8.50%
Certificate of Deposit	
3 Months	10.35%
6 Months	10.65%
Treasury Bills	
91 Days	8.75%
364 Days	9.08%
Government Securities	
1-2 years	9.48%
2-3 Years	8.70%
Corporate Bond AAA	
1 Year	10.95%
3 Years	10.70%

Note : The above rates are indicative and are subject to fluctuations in general interest rates and market conditions.

D. WHERE WILL THE SCHEME INVEST?

The corpus of the Scheme will be invested in debt and money market instruments. Subject to the Regulations, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities:

1. Floating rate money market instruments (Money at call, MIBOR linked debentures, floating rate CPs, CDs, floating rate bonds or any other instruments permitted by SEBI).
2. Floating rate non-money market instruments (including floating rate bonds & debentures issued by corporates or PSUs, floating rate Gilts, fixed rate debentures/ bonds with swap or any other instrument permitted by SEBI)
3. Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI/SEBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
4. Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
5. Debt obligations of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee
6. Corporate debt and securities (of both public and private sector undertakings) including Bonds, Debentures, Notes, Strips, etc.
7. Money market instruments or alternative investments for the call money as may be permitted by RBI/SEBI to meet the liquidity requirements.
8. Certificate of Deposits (CDs).
9. Commercial Paper (CPs).
10. Securitised Debt obligations.
11. The non-convertible part of convertible securities.
12. With regard to SEBI Circular Ref.SEBI/IMD/CIR No.7/73202/06 dt..2/8/06 i.e. investment in ADRs/GDRs/Foreign Securities and Overseas ETFs by mutual funds, we would like to inform that we are not going to invest in any foreign securities.
13. Pass through, Pay through or other Participation Certificates representing interest in a pool of assets including receivables.
14. Any other like instruments as may be permitted by SEBI from time to time.

The securities mentioned above and such other securities the scheme is permitted to invest could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of residual maturity matching with the plan term. The securities may be acquired through Initial Public Offer, secondary market operations, private placement, rights offers or negotiated deals.

The Scheme may also enter into repurchase and reverse repurchase obligations in all securities held by it as per the guidelines and regulations applicable to such transactions.

E. INVESTMENT STRATEGIES-7

The proportion of investment in various securities will be decided after considering the prevailing political conditions, the economic environment (including interest rates and inflation), the performance of the corporate sector and general liquidity and other considerations in the economy and markets so as to have a liquid portfolio providing optimum returns.

Risk Control

The AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, rigorous in depth credit evaluation of the securities proposed to be invested in will be carried out by the investment team of the AMC.

The Scheme may also use various derivatives and hedging products from time to time, as would be available and permitted by RBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest.

Scenarios/Conditions for investment in Derivatives

Investment in derivative instruments shall be made for the hedging purpose only to protect the interest of the investors and the total exposure in the derivative will not be more than 50% of the Net Asset of the scheme.

1. Interest rate swaps can be used for return enhancement when any plan under the scheme is sitting on cash pending investment in bonds. Since this money typically earns MIBOR on daily call lending, we can receive fixed rate against paying MIBOR through an Overnight Indexed Swap (OIS) to get better return.
2. To convert a floating rate asset into fixed rate asset: Plans under the scheme can invest in a floating rate bond and convert it into a fixed rate bond with the use of swap market. The Plans under the scheme can receive fixed rate and pay floating rate in the swap against an underlying investment. This will be done in case total returns are higher than buying a similar fixed coupon bond.
3. If OIS is trading higher than interest rate available in cash market securities then the plans under the scheme could keep the money in call / call equivalents and receive OIS.

Scenarios/Conditions for investment in securitised debt

The scheme will invest in securitised debt instruments if it is offering better returns compared to fixed income instruments for similar risk profile. The scheme may also invest in securitised debt if for same returns, securitised debt offer better risk profile. The Scheme will invest in securitised debt considering the maturity, asset quality and available yield. However, the scheme shall not invest in foreign securitised debt. The fund manager shall always keep in mind the investment in securitised debt will not increase the risk profile of the scheme.

Trading in derivatives:

The Scheme may use derivatives with respect to debt in accordance with SEBI regulations in an attempt to protect the portfolio values and unit holder interest. The AMC in appropriate circumstances may use various derivatives subject to applicable regulations and counter party risk assessment as and when they become permissible in the Indian markets subject to necessary authorization.

Debt Market Derivatives:

The deregulation of interest rates has resulted in presenting a assortment of risks to market participants. To provide an effective hedge against interest rate risks on account of lending or borrowings made at fixed/variable rates of interest, RBI has allowed the use of such instruments as the Interest Rate swaps (IRS) and Forward Rate Agreements (FRAs).

IRS: An IRS is an off balance sheet contract between two counterparties to exchange a stream of payments on specified dates based on a notional principal.

Presently the most common form of IRS in the domestic market is the Overnight Index Swap (OIS), wherein a fixed rate is exchanged with the floating leg linked to the MIBOR (Mumbai Interbank offered rate/ the call money rate).The tenure of the OIS ranges from 2 to 365 days.

Eg: The scheme may park its funds in the call money market from time to time. The scheme thus becomes a lender in the market. Say Y – a corporate is a borrower in the call money market. Suppose the Fund manager of the scheme has a view that overnight rates may fall, while Y expects volatility and is looking to hedge or lock into a fixed rate. Now the scheme is a fixed rate receiver and Y is the floating rate receiver. Consider a 3 day OIS at 8.25% for a notional principal of Rs. 1 Crore between the two.

Now the scheme would received a fixed rate from Y on the notional principal of Rs. 1 Crore @ 8.25% for 3 days = Rs. 6780/-.

The scheme in turn would have to pay Y the floating rate of interest on the same principal of Rs. 1 Crore which is calculated as follows :

DAY	MIBOR (%)	PRINCIPAL (Rs.)	INTEREST (Rs.)	AMOUNT (Rs.)
1	8.00	10000000	2192	10002192
2	8.25	10002192	2261	10004453
3	7.75	10004453	2124	10006577
TOTAL			6577	

As shown in the table the scheme will be required to pay Y a sum of Rs. 6577/-.

Instead of exchanging the gross amounts Y will pay the scheme the difference amount i.e. 6780-6577= Rs. 203.

Thus at the end of the swap the scheme has earned a fixed rate while Y has been able to fix the cost of its funds irrespective of the movements in the market.

FRA (forward rate agreement): A FRA is a cash settled agreement where 2 parties (the buyer and the seller) agree to exchange interest payments for a notional principal amount for a specified period on a settlement date. A FRA is quoted by the forward month in which it matures, for e.g. A 3x6 FRA is a contract maturing 6 months from now and starting 3 months from now.

e.g.: Suppose the scheme has exposure to 91 day T Bills and the Fund manager takes a view that the yields are going to fall, then using FRAs he can lock into the available rates. Assume that on the last day of a given month the spot 91 day T Bill rate is 9.50% and the 3x6 FRA is quoted at 9.40%/9.60 %. Assuming a notional principal of 10 Crore the scheme now receives fixed 9.40% (and pays the 91 day T bill rate 3 months from now) on the 3x6 FRA for a notional principal of RS. 10 crore. On the settlement date the scheme receives the fixed rate from the swap market maker and pays the floating rate.

Assuming the fund manager's view is correct and the 91day T-Bill cut off, 3 months from now is 9.25% then the scheme receives - Rs.23,43,562 and pays Rs.23,06,164. The difference Rs.37397 is to be discounted to settlement at a mutually negotiated rate based on the credit of the counter-party.

Assuming a discounted rate of 10% the actual cash settlement = $37397 / (1+10\%)^{91/365}$ = Rs. 36488/-

Risk factors:

Credit Risk : This is the risk of default by the counterparty. This is usually negligible, as there is no exchange of principal amounts in a derivative transaction.

Market Risk : Market movements may adversely affect the pricing and settlement of derivatives.

Liquidity Risk : The risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market.

Change in Investment Pattern

Subject to the SEBI Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary substantially depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unitholders. Such changes in the investment pattern will be for short term and for defensive considerations only.

F. FUNDAMENTAL ATTRIBUTES-3

Following are the Fundamental Attributes of the scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations

(i) Type of Scheme:

A debt oriented interval scheme

(ii) Investment Objective:

The investment objective of the Scheme is to generate income and growth of capital by investing in debt securities and money market instruments

Investment Pattern: The corpus of the scheme under normal circumstances will invest in debt and money market instruments subject to Regulations and the asset allocation would be as under-15

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

Instruments	Normal Allocation (% of net assets)		Risk Profile
	Min	Max	
Debt* securities and Money Market Instruments	0	100	Medium to Low

* debt includes securitised debt upt 100%

Investment in derivative instruments shall be made for the hedging purpose only to protect the interest of the investors and the total exposure in the derivative will not be more than 50% of the Net Asset of the scheme.

The Trustee Company may from time to time, for a short period on defensive consideration, modify/alter the investment pattern / asset allocation, the intent being to protect the Net Asset Value of the scheme and interest of the unitholders, without seeking the consent of unitholders.

(iii) Terms of Issue:

LIQUIDITY

The Scheme will repurchase units under the scheme on an on going basis on all business days (except book closure if any) at NAV related prices after the closure of New Fund offer period (i.e. on reopening of the scheme for Repurchase on -----). Applicable price is the NAV declared for the day subject to the prevailing load structure.

The scheme will offer Subscription/Switch-in and Redemption / Switch-out of units without any load on or during the Specified Transaction Period once a month / quarter on an ongoing basis. The Scheme will also offer redemption on all other working days other than the Specified Transaction Period, subject to applicable exit load.

The AMC shall have the flexibility to change / alter the "Specified Transaction Period" depending upon the prevailing market conditions and in the interest of unitholders.

LISTING

As the scheme is open for repurchase on all business days after it re-opens , the units of the Scheme will not be listed on any Stock Exchange. However the Trustee reserve their right to list the Units of the Scheme on any Stock Exchange, subject to the regulations.

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

- A written communication about the proposed change is sent to each Unitholder 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 Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any load.

Maximum recurring expenses on the first Rs. 100 crores @ 2.25% of average weekly net assets (details are there in the further section)

NFO expenses shall be borne by AMC

G. SCHEME BENCHMARK-9

The Scheme is a debt oriented interval scheme. The scheme will broadly track C Fund ~ LX, based on the specified asset allocation pattern herein

H. FUND MANAGER-10

Name	Age	Qualification	Experience	Other Schemes under his management
Shri Ashish Kumar	38	B.Com., MBA (Finance)	<ul style="list-style-type: none"> • Asst. Manager (Finance) LICMFAMC- 3 years • Manager (Finance) LICMFAMC- 5 years • A.G.M (Finance) – LICMFAMC Ltd. 	<p>All debt schemes</p> <p>LICMF Children Fund</p> <p>LICMF SAAF</p>

I. INVESTMENT RESTRICTIONS-11

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) The scheme shall not invest more than 15% of the schemes NAV in debt instruments issued by a single issuer which are not rated below investment grade by an authorized credit rating agency. Such an investment limit may be raised to 20% of the scheme's NAV with the prior approval of the Trustee and the Board of Asset Management Company.
- 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 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 asset 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 a scheme in securities in terms of investment objectives of the scheme a mutual fund may invest them in short-term deposits of schedule commercial banks, subject to such Guidedlines as may be specified by the Board. The requirements of SEBI Circulars SEBI/IMD/CIR No.1/91171/07 dated 16 April 2007 and SEBI/IMD/CIR No.8/107311/07 dated 26 October 2007 will be adhered to
 - 12) Aggregate value of 'illiquid securities' which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the scheme.
 - 13) 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.
 - 14) The Mutual Fund under all its schemes shall not own more than 10% of any company's paid up capital carrying voting rights.
 - 15) As per SEBI Circular Ref.SEBI/IMD/CIR No.11/115723/08 dt.31/01/2008 regarding initial issue expenses there will not be any provision of charging initial issue expenses and amortization of the same. The fund shall meet the sales, marketing and other such expenses connected with sales and distribution of the scheme from the entry load.
 - 16) The Mutual Fund shall not invest more than 10% of its NAV in the equity shares or equity related instruments of any company.
 - 17) A Fund of funds scheme shall be subject to the following restrictions :
 - A fund of funds scheme shall not invest in any other fund or funds scheme;
 - A funds of funds scheme shall not invest its assets other than in schemes of mutual funds, except to the extent of funds required for meeting the liquidity requirements for the

purpose of repurchases or redemptions, as disclosed in the offer document of fund of funds scheme.

18) *Debentures, irrespective of residual maturity period (above or below 1 year) shall attract the investment restrictions as applicable for debt instruments as specified under clause 1 and 1A of the Seventh Schedule to the Regulations*

19) *The fund follows the investment restrictions specified under Schedule VII of SEBI Mutual Fund Regulations, 1996.* -13

Investment By LICMF Interval Fund In Other Schemes Managed By The AMC

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

Investment by the asset management company

LICMF AMC may invest in LICMF Interval Fund at its discretion from time to time. The AMC shall, however, not charge any fees on its investment in the scheme in accordance with sub-clause 3 of regulation 24 of SEBI (MF) Regulations 1996.

Portfolio Turnover

As the scheme is a close ended debt scheme the portfolio turnover is expected to be very low.

INTER SCHEME TRANSFERS

The norms followed for Inter Scheme Transfer are as follows:

All Inter Scheme Transfers of Securities are effected

i) at the prevailing market price for quoted securities or at the "fair value" for non-traded securities as per valuation norms approved by the Trustee in accordance with the provisions of SEBI (MF) Regulations, 1996 ; and

ii) Provided the securities so transferred are in conformity with the investment objective and requirement of the transferee scheme.

The valuation norms referred to in (i) above are the same as are followed for valuation of securities for calculating NAVs in general.

UNDERWRITING

Subject to SEBI Regulations, the Scheme may enter into underwriting agreements. The Capital Adequacy norms for the purpose of underwriting shall be the net assets of the Scheme and the underwriting obligation of the scheme shall not at any time exceed the total net asset value of the Scheme.

BORROWING BY THE FUND

The Fund may borrow to meet temporary liquidity needs for the purpose of repurchase/redemption, redemption or payment of interest or dividend to the unitholders provided that such borrowing shall not exceed 20% of the net asset value and the duration of such borrowing shall not exceed a period of six months. There were borrowings by the fund for the financial year 2007-08.

J. PERFORMANCE OF SCHEME

This scheme is a new scheme and does not have any performance trace record.

III. UNITS AND OFFER

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

A. NEW FUND OFFER (NFO)

<p>New Fund Offer Period</p> <p>This is the period during which a new scheme sells its units to the investors</p>	<p>NFO opens on:</p> <p>NFO closes on:</p> <p>The Trustee reserves the right to extend the closing date, subject to the condition that the subscription list shall not be kept open for more than 45 days.</p>
<p>New Fund Offer Price</p> <p>This is the price during which a new scheme sells its units to the investors</p>	<p>Rs.10/- per unit for cash at face value during the new fund offer period and at NAV based price during the Specified Transaction Period</p>
<p>Minimum Amount for Application in the NFO</p>	<p>Rs.10,000/- per application and thereafter in multiples of Re.1/- during the NFO period and Specified Transaction Period</p>
<p>Minimum Target Amount</p> <p>This is the minimum amount required to operate the scheme and if this not collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if the AMC fails to refund the amount within 6 weeks, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of six weeks from the date of closure of the subscription period</p>	<p>Rs.50 lakhs</p>
<p>Maximum Amount to be raised (if any)</p> <p>This is the maximum amount which can be collected during the NFO period, as decided by the AMC</p>	<p>No upper limit</p>
<p>Plans / Options Offered</p>	<p>Dividend Payout, Dividend Reinvestment, Growth</p>
<p>Dividend Policy</p>	<p>DIVIDEND OPTION :</p> <p>Under this option Fund expect to declare income distribution subject to availability of distributable surpluses. Dividends declared will either be distributed under the Dividend option or will be reinvested in the scheme at the prevailing NAV. Unitholders may elect to either receive or reinvest their Dividend in additional units of the scheme by indicating their decision in the application form. In case of dividend payment less than Rs.250/-, the same will be</p>

	<p>In view of the same, additions/ deletion of names will not be allowed under any folio of the Scheme.</p> <p>The above provisions in respect of deletion of names will not be applicable in case of death of unitholder (in respect of joint holdings) as this is treated as transmission of units and not transfer.</p> <p>An Account Statement will be despatched to each Unitholder stating the number of Units held, etc. within a maximum of thirty days from the date of allotment.</p> <p>On request from the unitholders, the Asset Management Company shall within 6 weeks issue the Unit Certificate. The request can be made to any of the Authorised Investor Service Centres. The cost for issuing the Unit Certificate in lieu of Account Statement will be borne by the Scheme and will form part of its annual ongoing expenses.</p>
<p>Refund</p>	<p>Refund of subscription money to applicants whose applications are invalid for any reason whatsoever, will be without incurring any liability whatsoever for interest or other sum.</p> <p>The entire amount shall be refunded within a period of 6 weeks of the closure of the New Fund Offer Period. If, the Fund refunds the amount after 6 weeks, interest @15% per annum for delayed period shall be paid by the AMC. Refund orders will be marked "A/c. Payee Only" and drawn in the name of the first applicant.</p>
<p>Who can invest This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile.</p>	<p>Applications for allotment of the scheme units can be made by any of the below mentioned investors provided they are permitted to purchase Mutual Fund units by their respective constitutions and/or statutory regulations.</p> <ol style="list-style-type: none"> (1) Resident citizens of India who are : <ol style="list-style-type: none"> (i) Adult individual or individuals not exceeding three in number together on Single, Joint, First Holder or Survivor(s) or Anyone or survivor(s) basis, (ii) Minors through their Parents/Step-parents/Guardians (Joint Mode of Holding is not permitted with minors), (2) Hindu Undivided Family (By the Karta acting on behalf of H.U.F.). (3) An association of persons or a body of individuals consisting in either case, only of husband and wife, governed by the system of community of property in force in the

	<p>State of Goa and Union Territories of Dadra and Nagar Haveli and Daman and Diu by whom, or on whose behalf, investment is made.</p> <p>(4) Companies, Bodies Corporate, PSUs, Banks, Trusts, Societies, Co-operative Societies, Schools, Colleges, Universities, Clubs, Associations, Partnership firms and other such bodies.</p> <p>(5) Army/Airforce/Navy/Paramilitary funds & other eligible institutions.</p> <p>(6) On repatriable / non-repatriable basis by Non-Residents of Indian Nationality/ Persons of Indian Origin.</p> <p>Explanation: A person shall be deemed to be of Indian origin if</p> <ul style="list-style-type: none"> - He/she, at any time, held an Indian passport, or - He/she or either of his/her parents or any of his/her grandparents was an Indian and a permanent resident of Undivided India at any time. <p>However, Pakistani and Bangladeshi nationals, even though they satisfy the definition of 'Indian Origin', shall not be eligible to apply for the units.</p> <p>The spouse of a citizen of India or a person of Indian origin shall also be deemed to be of Indian origin even though he/she may be of Non-Indian parentage.</p>
<p>Where can you submit the filled up application form</p>	<p>Domestic investors -</p> <p>Duly filled in applications with subscriptions can be submitted at the authorized collection centres viz. Corporate Office, Area Offices, Business Centers and R&T Agent (Karvy Computershare Pvt. Ltd.) along with local cheques/DD payable at the authorized centres only. Payment by cash will 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</p>

Non resident (Ordinary) Accounts.

FII's shall pay their subscription by way of direct remittance from abroad or out of their special Non resident Rupee account maintained with designated bank in India or as may be permitted by law.

Application under (POA) Power of Attorney /Body Corporate/Registered Society/Trust/Partnership

In case of an application under POA or by a limited company, body corporate, registered society trust or Partnership etc., the relevant POA or the resolution or authority to make the application as the case may be, or duly certified copy thereof, along with the memorandum and articles of association /bye-laws must be Lodged at the authorized centre along with the application form.

Presently our Corporate Office, Area Offices, Business Centers and R&T Agent are the authorized Centres for redemption. However, the AMC may at their sole discretion add or delete one or more collection centres at a later date if they so find necessary.

Note: The application form no. should be noted on the reverse of all Cheques and bank drafts accompanying the application form.

Karvy Computershare Private Limited, Karvy House, 46 Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034 has been appointed as Registrar for the Scheme. The Registrar is registered with SEBI under registration number INR000000221.

As Registrar to the Scheme, Karvy will handle communications with investors and dispatch account statements during the New Fund Offer Period.

LICMFAMC and LICMF Trustee Company Pvt. Ltd. have satisfied themselves that the Registrar can provide the services required and have adequate facilities and system capabilities. As Registrar to the Scheme, they will accept and process Unitholders applications and inform LICMFAMC as to the amounts received for subscriptions (duly reconciled) during the New Fund Offer Period.

The Registrar has set up a special Investor service cell for quick redressal of Unitholder grievances (if any). All correspondence, including change in the name, address, designated bank account number and bank branch, loss of Unit Certificate, Account Statement, etc. should be

	<p>addressed to :</p> <p>Karvy Computershare Private Limited, Karvy House, 46 Avenue 4, Street No.1, Banjara Hills, Hyderabad – 500 034. Website: www.karvymfs.com Email: umamahesh@karvy.com</p> <p>During the New Fund Offer Period and STP Application form (duly completed), along with a cheque (drawn on respective centers) / DD (payable at respective centers) can be submitted at the Investors Service Centers.</p> <p>If there are no authorized investor services centers where the investor resides, the application form duly completed along with a DD, after deducting bank charges / commission) from the amount of investment, may be submitted to authorized collection centers. If such bank charges / commission are not deducted by the applicant, then the same may not be reimbursed.</p> <p>However in case of application along with local Cheque or Bank Draft payable at / from locations where LICMF has its designated Authorised Investor Service Centres, Bank Draft charges/ commission may have to be borne by the applicant. In such cases the Trustee Company is entitled, in its sole and absolute discretion, to reject or accept any application.</p> <p>For the list of Authorised Investor Service Centres, please refer to the Back Cover Page of this Scheme Information Document .</p>
How to Apply	Please refer to the SAI and Application Form for the instructions.
Listing	As the scheme is open for repurchase on all business days after it re-opens , the units of the Scheme will not be listed on any Stock Exchange. However the Trustee reserve their right to list the Units of the Scheme on any Stock Exchange, subject to the regulations.
Special Products / facilities available during the NFO and STP	Below mention facilities are not available: Systematic Investment Plan Systematic Transfer Plan Systematic Withdrawal Plan
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.	The AMC may reissue at its discretion upto 100% of the units repurchased at applicable load, if any.
Restrictions, if any, on the right to freely retain or dispose of units being offered	The Units of the Scheme are not transferable. In view of the same, additions/ deletion of names will not be allowed under any folio of the Scheme. These provisions in respect of deletion of names will

	not be applicable in case of death of unitholder (in respect of joint holdings) as this is treated as transmission of units and not transfer. Please refer SAI for the procedure of transmission.
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B. ONGOING OFFER SALES

<p>Ongoing Offer Period This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period</p>	<p>Being a debt oriented interval scheme, investors can subscribe to the Units of the Scheme during the New Fund Offer Period and during Specified Transaction Period.</p> <p>To provide liquidity to the investors, the Fund proposes to provide repurchase facility on all business days with applicable load and without any load during the Specified Transaction Period.</p> <p>Investors are requested to note that the Trustee reserves the right to modify the frequency of liquidity/repurchase facility and Specified Transaction Period depending upon the market conditions and to protect the interest of unitholders..</p>
<p>Ongoing price for subscription (purchase) /switch-in (from other schemes/plans of the mutual fund) by the investors</p> <p>This is the price you need to pay for purchase/switch-in.</p> <p><i>Example: If the applicable NAV is Rs. 10, entry load is 2% then sales price will be: Rs. 10* (1+0.02) = Rs. 10.20</i></p>	<p>Units can be purchased during the Specified Transaction Period at NAV related price</p>
<p>Ongoing price for redemption (sale) / repurchase / switch outs (to other schemes/plans of the Mutual Fund) by investors.</p> <p>This is the price you will receive for edemptions/switch outs.</p> <p><i>Example: If the applicable NAV is Rs. 10, exit load is 2% then redemption price will be: Rs. 10* (1 -0.02) = Rs. 9.80</i></p>	<p>Requests for repurchase can be submitted on all business days at our Authorised Service Centres (mentioned in this SID) with applicable load and without any load on Specified Transaction Period. The repurchase request can be made for a minimum of Rs. 500/- / 50 units or in multiples of Rs.1/- or for all the Units. The Units will be repurchased at the relevant NAV with applicable load and without load during the STP. The repurchase price will be in accordance with Regulation 49(3) of the Securities Exchange Board of India (Mutual Funds) Regulations, 1996, which shall not be lower than 95% of the NAV. The Trustee Company may however, from time to time re view and modify the repurchase load for each choice of investment. The repurchase would be permitted to the extent of credit balance in the Unitholder’s account.</p> <p>The repurchase cheque will be issued in the name of the first unitholder. Under normal circumstances, the Fund will ensure that the repurchase cheques are dispatched within ten business days from the</p>

	<p>date of receipt of the repurchase request. In the event of partial repurchase, the Fund shall despatch the revised Account Statement for the balance number of Units still being held by the Unitholder along with the repurchase cheque.</p> <p>BANK ACCOUNT DETAILS-19</p> <p>In order to protect unit holder interest from fraudulent encashment of cheques, the current SEBI Regulations, has made it mandatory for investors to mention in their application/repurchase-redemption request, the bank name and account number of the unit holders .The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and or any delay /loss in transit. In the absence of these details, applications are liable for rejection</p> <p>Repurchases / Redemptions By NRI's / PIO's will be in accordance with the conditions mentioned above subject to any procedures laid down by the RBI if any.</p> <p>Payment to NRI's / PIO's will be subject to relevant laws / guidelines of the RBI as are applicable from time to time.</p> <ol style="list-style-type: none"> 1. Subject to RBI approval, in case of NRI unitholders the amounts due on redemption / repurchases (subject to tax deduction at source) will be credited to the NRE / FCNR account of the investor where the original investment in the units was made on repatriation basis by an NRI either through inward remittance or debit to NRE/FCNR account. 2. In all other cases the amounts due on redemption / repurchases (subject to tax deduction at source) will be paid by means of a rupee cheque payable at the NRO/NRSR account of the investor as applicable.
<p>Cut off timing for 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>In respect of valid applications received upto the cut-off time on all the business days, same day's closing NAV shall be applicable. In respect of valid redemption / switch request, received after cut-off time, the closing NAV of next business day shall be applicable. If maturity of the scheme falls on a holiday or any non business day the immediate next business day will be considered as a date of maturity. Cut-off time for redemptions including switchouts: 3.00 p.m.</p>
<p>Where can the applications for purchase /</p>	<p>The details of official points of acceptance, is provided on back cover page.</p>

redemption / switches be submitted	
Minimum amount for redemption/switches	Rs.500/- or minimum of 50 units
Minimum balance to be maintained and consequences of non maintenance	The mutual fund may close a unitholder's account whenever for any reasons, if the value of units falls below the minimum account balance of Rs.10000/- (based on the prevailing NAV) and / or 1000 units in case of both the options due to normal repurchase/switch.
Special Products Available	Below mention facilities are not available: Systematic Investment Plan Systematic Transfer Plan Systematic Withdrawal Plan
Accounts Statements	<p>For normal transactions (other than SIP/STP) during ongoing sales and repurchase:</p> <ul style="list-style-type: none"> • 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 (within thirty days from the date of allotment) • For those unitholders who have provided an e-mail address, the AMC will send the account statement by e-mail. • The unitholder may request for a physical account statement by writing/calling the AMC/ISC/R&T. <p>For SIP / STP transactions; (Not Applicable)</p> <ul style="list-style-type: none"> • Account Statement for SIP and STP will be despatched once every quarter ending March, June, September and December within 10 working days of the end of the respective quarter. • 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. • However, the first Account Statement under SIP/STP shall be issued within 10 working days of the initial investment/transfer. • 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>Annual Account Statement:</p> <ul style="list-style-type: none"> • The Mutual Funds shall provide the Account Statement to the Unitholders 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 date of generation of the account statement • The account statements in such cases may be generated and issued along with the Portfolio

	<p>Statement or Annual Report of the Scheme.</p> <ul style="list-style-type: none"> Alternately, soft copy of the account statements shall be mailed to the investors' email address, instead of physical statement, if so mandated.
Dividend	The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of dividend
Redemption	The redemption or repurchase proceeds shall be dispatched to the unitholders 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 unitholders 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 your 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 and also on AMC's website i.e. www.licmutual.com</p> <p>NAV information:</p> <p>NAV shall be calculated on all business days and announced at the close of each business day and declared in accordance with the SEBI guidelines from time to time and will be displayed / available at the Corporate office, Registrars office and other Authorized Centers such as the Area Offices / Business Centers. The NAV will also be published in two daily newspapers in accordance with SEBI guidelines, and will also be updated on AMFI website www.amfiindia.com by 9.00 PM and LICMF website www.licmutual.com on all business days. 17a</p> <p>The repurchase price shall not be lower than 95% of the NAV. 17b</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 Fund shall before the expiry of one month from the close of each half year i.e. as on March 31 and September 30, publish its unaudited financial results and half-yearly schemewise portfolio in one English daily newspaper having all India circulation and in a newspaper published in the language of the region where the Head Office of the Fund is situated and update the same on AMC's website www.licmutual.com and on AMFI's website www.amfiindia.com within 30 days from the close of each half year, in the prescribed formats.</p>

	The mutual fund may opt to send the portfolio to all unit holders in lieu of the advertisement.
Half-Yearly Results	The mutual fund and Asset Management Company shall before the expiry of one month from the close of each half year that is on 31st March and on 30th September, publish its unaudited financial results in one national English daily newspaper and in a regional newspaper published in the language of the region where the Head Office of the mutual fund is situated.
Annual Report	The Fund will, not later than six months after the close of each financial year (March 31), mail to the Unitholders an abridged scheme wise annual report. Further, the full text of the Annual Report will be available for inspection at the office of the Fund. A copy of the Annual Report will be sent to Unit holders, on a nominal fee, on specific request. The fund shall disclose the Annual Report on its website ww.licmutual.com .
Associate Transactions	Please refer to Statement of Additional Information (SAI)
Taxation The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors / authorized dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes	For details on taxation please refer to the clause on taxation in the Statement of Additional
Investor services	Ms Arlene D'Souza AGM (Mktg) LIC Mutual Fund, Indl. Assurance Bldg., 4 th Floor, Opp. Churchgate Station, Mumbai – 400 020 Tel: (022) 22880633 Email address: redressal@licmutual.com

D. COMPUTATION OF NAV

NAV shall be calculated on all business days and announced at the close of each business day and declared in accordance with the SEBI guidelines from time to time and will be displayed / available at the Corporate office, Registrars office and other Authorized Centers such as the Area Offices / Business Centers. The NAV will also be published in two daily newspapers in accordance with SEBI guidelines, and will also be updated on AMFI website and LICMF website on all business days. The NAV per unit shall be calculated as follows.

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

IV. FEES AND EXPENSES

A. NEW FUND OFFER EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc. Entire NFO expenses will be borne by the AMC. In terms of SEBI circular No. SEBI/IMD/CIR No. 11/115723 /08 dated January 31, 2008, close ended schemes are not permitted to charge NFO expenses to the scheme. Hence, NFO Expenses will not be charged to the Scheme.

B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated following percentage of the weekly average net assets of the scheme will be charged to the scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the mutual fund.

Particulars	% of Net Assets
Investment Management & Advisory Fee	1.25%
Custodian Charges	0.15%
Registrar & Transfer Agent Fees including cost related to providing account statement, dividend/redemption cheque/warrants etc	0.10%
Marketing & Selling Expenses including Agents Commission and statutory advertisement, Brokerage & Transaction Cost pertaining to the distribution of units, Audit Fees / Fees and expenses of trustees, Costs related to investor communications, Cost of fund transactions location to location, other expenses	0.75%
Total Recurring Expenses	2.25%

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.

Investment Management fees charged by LICMFAMC shall be 1.25% of the weekly average net assets for net assets upto Rs. 100 crores and 1.00% of the weekly average net assets on the balance amount above Rs. 100 crores. This fee shall be conformity with SEBI Regulations & shall be payable at a frequency as agreed between the AMC and Trustees from time to time. LICMFAMC shall not charge any fees on its investment in Units of the Funds/Schemes/Plans in LICMF.

The recurring expenses of the Schemes, and the additional management fee shall be as per the limits prescribed under Sub-Regulations (6) of Regulations 52 of the Regulations and shall not exceed the limits prescribed thereunder .

As per the Regulations, the maximum recurring expenses that can be charged to the Scheme shall be subject to a percentage limit of weekly net assets as in the table below:

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

C. LOAD STRUCTURE

Load is an amount which 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 our Corporate Office, Area Offices, Business Centers & R&T Agent

Type of Load	Load chargeable (as% of NAV)
Entry Load	Nil
Exit Load	<p>Monthly Interval Fund Nil if redeemed on or during the Specified Transaction Period 0.25% if redeemed at any time other than the Specified Transaction Period</p> <p>Quarterly Interval Fund Nil if redeemed on or during the Specified Transaction Period 0.50% if redeemed at any time other than the Specified Transaction Period</p>

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

- 1) Any load / fee charged will be within the admissible limits under the Regulations in force at that time
- 2) 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.
- 3) The AMC reserves the right to change/modify exit / switchover load (including zero load), depending upon the circumstances prevailing at any given time. However any change in the load structure will be applicable on prospective investment only. The AMC may charge an exit load for switch of units from one plan/option to another plan/option within the Scheme and/or any other scheme of LICMF depending upon the circumstances prevailing at any given time. The switchover load may be different for different plans/options and the switchover load may be different from the entry and /or exit load charged for sale and/or repurchase units. The load charged could also be different for different options in the plans of the Scheme at the same time and different as regards the amount/tenor of investment, etc. **16**

At the time of changing the load structure the fund may consider the following measures:

- *The addendum detailing the changes in load structure may be attached to offer documents and abridged offer documents. The addendum detailing the changes may be circulated to all distributors / brokers so that the same can be attached to all offer documents and abridged offer documents already in stock. The addendum may be sent along-with the newsletter to the unit holders immediately after the changes.* **16(i)**
- *Arrangements may be made to display the changes/modifications in the offer document in the form of a notice in all the investor service centres and distributors/ brokers office.* **16(ii)**
- *The introduction of the exit load 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.* **16(iii)**
- *Any other measures the fund may feel necessary.* **16(iv)**

The investor is requested to check the prevailing load structure of the scheme before investing. For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centres.

D. WAIVER OF LOAD FOR DIRECT APPLICATIONS

No entry load shall be charged for direct applications (for fresh subscription, as additional subscription by the existing investors and switch applications)) received by the AMC i.e applications received through internet or applications accepted at the offices of AMC or authorised investor service Centres that are not routed through any distributor or agent/broker. Such applications may be marked DIRECT or NOT APPLICABLE in the broker code column of the application form/transaction slip. In case of any change in the broker code column, the investor has to strike off the earlier entry, enter the new code (DIRECT, NOT APPLICABLE OR BROKER CODE) and the same has to be counter signed. Application / Transaction slip for subscription or switch in without mention of broker code or where the broker code column is blank, shall be treated as direct application.

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-

A penalty of Rs. 1 Lac each has been imposed on LIC Mutual Fund and LIC Mutual Fund Asset Management Co. Ltd. For violation of investment norms as per SEBI (Mutual Funds) Regulations, 1996 Vide adjudication order dated 31/12/2002. The same has been paid of by both LIC Mutual Fund and LIC Mutual Fund Asset Management Co. Ltd. **-20**

“Notwithstanding anything contained in the offer document the provisions of the SEBI(Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.” **22**

This offer document contains no clause which limits the jurisdiction for settlement of claims of the investors to a specific place/region.

The draft offer document of LICMF Interval Fund was approved by the Trustee of LIC Mutual Fund in its Board Meeting held on 09/07/2007.

The offer document has been submitted as per the SEBI Mutual Funds Regulations 1996.

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

Place : Mumbai
Date: 28/07/2008

Sushobhan Sarker
Chief Executive

ADDRESSES OF OFFICES & BUSINESS CENTERS OF LICMF AMC/ LIC MUTUAL FUND

Corporate Office: LIC Mutual Fund, 4th Floor, Industrial Assurance Bldg., Opp. Churchgate Station, MUMBAI - 400020
Phone No. 22851661/ 663, 22842338, 22842521 Fax No. 22880633

AREA OFFICES		
PLACE	ADDRESS	CONTACT NO.
AHMEDABAD	6 – C, 7 th Floor, Summeru Center, C. G. Road, Near Parimal Railway Crossing, AHMEDABAD - 380007.	26631989
BANGALORE	10A, 3 rd floor, Chandrakiran Bldg., Kasturba Road, BANGALORE-560001.	22210180 / 22295598
CHENNAI	15, Annasalai Next to V.G.P. Bldg., CHENNAI – 600002.	28411984 / 28555883
ERNAKULAM	11th Floor, Jeevan Prakash, LIC Divisional Office, M.G. Road, ERNAKULAM – 682011.	9895036554 / 9349738881
HYDERABAD	LIC Mutual Fund, House No. 5-9-57, 4th Floor, Jeevan Jyoti Building, Basheerbagh, HYDERABAD - 500029.	23244445 / 23210572
INDORE	U.V. Business Centre Pvt. Ltd., 1st Floor, Snehil 9/1-A South Tukoganj, INDORE - 452001.	2520262 / 5069162
KANPUR	Jeevan Vikas, P. B. No. 181, 16/98, M.G. Road, KANPUR - 208001.	2312285 / 2360240 / 3944949
KOLKATA	Hindustan Buildings, 4, Chittaranjan Avenue, KOLKATA - 700072.	22129455 / 55290605
MUMBAI	LIC Mutual Fund, 4th Floor, Industrial Assurance Bldg., Opp. Churchgate Station, MUMBAI - 400020.	22885971 / 55719750
NASHIK	Shop No.2, Ground Floor, Rajvee Enclave, New Pandit Colony, NASHIK – 422002.	2579507
NEW DELHI	Jeevan Prakash, P. B. No. 102, 25 K.G. Marg, NEW DELHI - 110001.	23359190/23314396/ 31270973

BUSINESS CENTRE		
PLACE	ADDRESS	CONTACT NO.
BHOPAL	LIC Mutual Fund, LIC Branch No 3, City Nagar, New Market, BHOPAL.	9300380797
BHUBANESHWAR	C/o P&GS Deptt. LIC of India, 84 – Kharvel Nagar BHUBANESHWAR.	9338227225
CHANDIGARH	SCO 158 / 159, First floor, Sector 34/A, CHANDIGARH - 160034.	9316065681
DEHRADUN	C/o Shri J M Sharma, 202 – Phase - II, P.O. - Premnagar, DEHRADUN.	9358132483
GHAZIABAD	LIC Mutual Fund, LIC of India, Building No 1, Model Town II, GHAZIABAD.	9350455141
HUBLI	LIC Mutual Fund, C/o LIC Branch Office No 1, Lamington Road, HUBLI-1.	9880058223
JAIPUR	327 – A, 3rd floor, Ganpati Plaza, M. I. Road, JAIPUR - 5112620.	9314476770
JAMMU	LIC Mutual Fund, LIC Divisional Office, Jeevan Jyoti, 18-A, Rail Head Complex, JAMMU.	9 419213201
KARNAL	LIC Mutual Fund, Divisional Office, 489, 1st Floor, Jeevan Prakash Building, Model Town, KARNAL - 132001.	9315563229
KOTTAYAM	LIC of India, OS Department, Jeevan Prakash Opp. Nehru Stadium, KOTTAYAM - 686001.	9349736595
KOZHIKODE	LIC of India, P & IR Department, Jeevan Prakash, KOZHIKODE – 673001.	9349739890
LUCKNOW	LIC Divisional Office Campus, 30, Hazratganj, LUCKNOW - 226001.	9415087505
LUDHIANA	2ND Floor, Jeevan Prakash, Urban Estate, Phase – I, Dugri, LUDHIANA.	9316938094
NAGPUR	LIC of India, Br No 973, Indian Mutual Building, Mount Road, Sadar, NAGPUR.	9325266311
PATNA	5th floor, Jeevan Deep Bldg. Exhibition road, PATNA - 800001.	9835212171
PONDICHERRY	LIC of India, Branch No 1, Opp Kamaraj Salai, New Saram, PONDICHERRY - 605013.	9360644001
PUNE	LIC of India, 2nd Floor, IT Department, Jeevan Prakash, 6/7, Shivaji Nagar, University Road, PUNE - 411005.	9325523480
RAIPUR	No. 20, 2nd Floor, Millennium Plaza, Near Indian Coffee House, G.E. Road, RAIPUR - 492001.	9301701133
RANCHI	LIC of India, Branch Office No 2, Jeevan Jyoti Bldg, (Besides Sandhya Cinema), Puruliya Road, RANCHI -834001.	9334861988
THANE	LIC of India, 2nd Floor, P & IR Department, Jeevan Chintamani, Eastern Express Highway, THANE - 406004.	9323180806
THIRUVANANTHAPURAM	LIC of India, Sales Department, Jeevan Prakash, THIRUVANANTHAPURAM - 695004.	9349739151
THRISSUR	LIC of India, Br No II, 2nd Floor, Palace Road, THRISSUR - 2.	9349739119
VISHAKHAPATNAM	LIC Mutual Fund, Divisional Office, Jeevitha Bima Road, P B No 411, VISHAKHAPATNAM – 530004	9393339593