



CIRCULAR

CIR/IMD/DF/23/2017

March 15, 2017

**All Mutual Funds/Asset Management Companies (AMCs)/
Trustee Companies/Boards of Trustees of Mutual Funds/
Association of Mutual Funds in India (AMFI)**

Sir/ Madam,

Subject: Review of advertisement guidelines for Mutual Funds

A. Disclosing Performance related information in Mutual Fund advertisements

Please refer to Clause C of SEBI circular dated August 22, 2011 on transparency of performance related information in advertisements of Mutual Fund schemes. With an objective to disclose Mutual Fund scheme's performance related information in a more effective and simple manner in advertisements, it has been decided that:

1. Performance of Mutual Fund schemes shall be required to be advertised in terms of CAGR for the past 1 year, 3 years, 5 years and since inception; in place of current requirement to publish scheme's returns for as many twelve month periods as possible for the past 3 years.
2. Performance advertisement of Mutual Fund schemes should provide information based on period computed from last day of month-end preceding the date of advertisement, instead of current requirement of publishing such information based on last day of preceding quarter-end.
3. Performance of other schemes managed by the fund manager shall be disclosed in a summarized manner, by providing performance of such other schemes managed by the concerned fund manager in terms of CAGR for the past of 1 year, 3 years and 5 years along-with the respective scheme's benchmark. Further, for advertisement published in internet-enabled media, Mutual Funds shall be permitted to provide an exact website link to such summarized information on performance of other schemes managed by the concerned fund manager.



4. Accordingly, following amendments are made in SEBI circular dated August 22, 2011:
- a. Clause C (2 and 3) of the aforementioned circular shall be replaced and read as under:
- “2. In performance advertisements of Mutual Fund schemes:*
- i. Performance of the Mutual Fund scheme shall be advertised in terms of CAGR for the past 1 year, 3 years, 5 years and since inception.*
 - ii. In order to provide ease of understanding to retail investors, point-to-point returns on a standard investment of ₹ 10,000/- shall also be provided in addition to CAGR of the scheme.*
 - iii. Performance advertisements of Mutual Fund schemes should provide information based on period computed from the last day of month-end preceding the date of advertisement.*
 - iv. It should be specifically mentioned whether performance so disclosed, is of regular or direct plan of the Mutual Fund scheme along-with a footnote mentioning that different plans have a different expense structure.*
 - v. If a Mutual Fund scheme has not been managed by the same fund manager for the full period of the information being published in the advertisement, the same should be disclosed in a footnote.*
3. *When a scheme has been in existence for more than 1 year but less than 3 years or 5 years, the same shall be mentioned as a footnote in the performance advertisement of the Mutual Fund scheme”.*
- b. It is also reiterated that, as per Clause C(4) of SEBI circular dated August 22, 2011; where the scheme has been in existence for less than one year, past performance shall not be provided.
- c. Further, in respect of disclosing performance of other schemes managed by the fund manager, Clause C(7) of SEBI circular dated August 22, 2011 shall now be read as under:
- “When the performance of a particular Mutual Fund scheme is advertised, the advertisement shall also include the performance data of all the other schemes managed by the fund manager/s of that particular scheme. Such performance data of the other schemes managed by the fund manager shall be provided as follows:*



- i. *Performance of other schemes managed by the fund manager, along-with their respective scheme's benchmark, shall be provided in terms of CAGR for a period of 1 year, 3 years and 5 years. The period referred here shall be computed in the same manner as that of the scheme being advertised.*
- ii. *In case the number of schemes managed by a fund manager is more than six, then the AMC may disclose the total number of schemes managed by that fund manager along with the performance data of top 3 and bottom 3 schemes (in addition to the performance data of the scheme for which the advertisement is being made) managed by that fund manager in all performance related advertisements. However, in such cases, AMCs shall ensure that true and fair view of the performance of the fund manager is communicated by providing additional disclosures, if required.*
- iii. *If a Mutual Fund scheme has not been managed by the same fund manager for the full period of information being published in the advertisement, the same should be disclosed in a footnote.*
- iv. *Further, for advertisement published in internet-enabled media, Mutual Funds shall be permitted to provide an exact website link to such summarized information of performance of other schemes managed by the concerned fund manager.*
- v. *An indicative format of disclosure of performance of other schemes managed by the concerned fund manager is provided at Annexure A.”*

B. Celebrity endorsements of Mutual Funds at industry level:

1. SEBI vide circular dated September 13, 2012 mandated Mutual Funds/AMCs to annually set apart at least 2 basis points on daily net assets for investor education and awareness initiatives.
2. Certain portion of the 2 basis points of daily net assets is being set aside by Mutual Funds/AMCs for investor education and awareness initiatives at industry level.
3. In this respect, it has been decided to permit celebrity endorsements at industry level, for the purpose of increasing awareness of Mutual Funds as a financial product category. However, such celebrity endorsements of Mutual Funds at industry level, shall be subject to the following conditions:
 - i. Celebrity endorsement shall be allowed only at industry level, for the purpose of increasing awareness of Mutual Funds as a financial product category. Such



celebrity endorsements should not promote a scheme of a particular Mutual Fund or be used as a branding exercise of a Mutual Fund house / AMC.

- ii. Expenses towards such celebrity endorsements for increasing awareness of Mutual Funds shall be limited to the amounts that are aggregated by Mutual Funds at industry level for the purpose of conducting investor education and awareness initiatives, in terms of clause F of SEBI circular dated September 13, 2012.
- iii. Prior approval of SEBI shall be required for issuance of any endorsement of Mutual Funds as a financial product, which features a celebrity for the purpose of increasing awareness of Mutual Funds.

C. Applicability of the Circular

1. Clause A of the above circular will be applicable for advertisements issued from April 01, 2017 onwards.
2. Clause B of the above circular is applicable with immediate effect.

This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with the provision of Regulation 77 of SEBI (Mutual Funds) Regulation, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

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Indicative format of disclosure on performance of other schemes managed by the fund manager

Name of Fund Manager:

Period	1 year		3 year		5 year	
	Scheme return %	Benchmark return (%)	Scheme return %	Benchmark return (%)	Scheme return %	Benchmark return (%)
Scheme 1						
Scheme 2						
Scheme 3						
Scheme 4						
Scheme 5						
Scheme 6						

Note:

- The concerned fund manager manages X number of schemes of the concerned Mutual Fund.
- In case the number of schemes managed by a fund manager is more than six, performance data of other scheme the top 3 and bottom 3 schemes managed by fund manager has been provided herein.
- Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement
- Different plans shall have a different expense structure. The performance details provided herein are of (regular / direct) plan.