

NOTICE CUM ADDENDA



Change in fundamental attributes of DSP Equity & Bond Fund ('Scheme') of DSP Mutual Fund ('Fund').

Notice hereby given that the following Scheme will be undergoing certain changes in the key features as detailed in the table below. The changes, indicated as fundamental attributes change (FAC) in the below table will be considered as change in the fundamental attributes in line with Regulation 18(15A) read with Regulation 25 (26) of the SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations"). Accordingly, these proposed changes shall be carried out by implementing the process for change in the fundamental attributes of the Scheme.

1. **Name of the Scheme:** DSP Equity & Bond Fund

2. Rationale of the change/s:

i. **Increasing Equity Allocation Range from the '65% - 75%' to '65% - 80%'** - As per the existing asset allocation of the Scheme, the exposure to equity and equity related securities is enabled upto 75%. However, as per the requirement of clause 2.6 SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD-1/P/ CIR/2024/90 dated June 27, 2024 ("SEBI Master Circular") on 'Categorization and Rationalization of Mutual Fund Schemes', the aggressive hybrid category scheme is allowed to invest up to 80% in equity and equity related securities. Hence, it is proposed to increase the maximum range of equity allocation to 80% is in line with SEBI Master Circular in order to provide more flexibility to increase equity exposure when markets become attractive. Accordingly, it is also proposed to revise the allocation to fixed income securities to 20% to 35%.

ii. **Enabling covered call strategy** - In accordance with SEBI (Mutual Funds) Regulations, 1996 and clause 12.25 of SEBI Master Circular, schemes are allowed to write call options under a covered call strategy subject to guidelines issued by SEBI from time to time. It is proposed to enable writing of call options under a covered call strategy for the purpose of generating additional return in the form of option premium.

iii. **Enabling Investment in Overseas Securities** - It is proposed to enable the overseas investment in the Scheme. This enablement can help to explore overseas opportunities in order to improve risk reward profile of the fund.

3. The comparison between the existing features and the proposed features are as follows:

Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (Changes are highlighted in Bold)																																																																																																																																																																										
1)	Name of the Scheme	DSP Equity & Bond Fund	DSP Aggressive Hybrid Fund																																																																																																																																																																										
2)	Category of the Scheme	Aggressive Hybrid Fund	Aggressive Hybrid Fund (There is no change in the category of the Scheme)																																																																																																																																																																										
3)	Asset Allocation Pattern*	Under normal circumstances, it is anticipated that the asset allocation of the Scheme shall be as follows: <table><tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th></tr><tr><th>Minimum</th><th>Maximum</th></tr><tr><td>Equity and equity related securities</td><td>65%</td><td>75%</td></tr><tr><td>Fixed income securities (Debt, securitized debt and money market securities)</td><td>25%</td><td>35%</td></tr></table> Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars) <table><tr><th>Sl. No</th><th>Type of Instrument</th><th>Percentage of exposure</th><th>Circular references</th></tr><tr><td>1.</td><td>Securities Lending</td><td>Upto 20 % (Single intermediary 5%)</td><td>Clause 12.11 of the SEBI Master Circular</td></tr><tr><td>2.</td><td>Derivatives</td><td>Upto 100%</td><td>Clause 12.25 of the SEBI Master Circular</td></tr><tr><td>3.</td><td>Equity Derivatives for non-hedging purposes</td><td>Upto 75%</td><td>Clause 12.25 of the SEBI Master Circular</td></tr><tr><td>4.</td><td>Securitized Debt</td><td>Upto 35%</td><td>-</td></tr><tr><td></td><td></td><td>Foreign securitised debt - Nil</td><td></td></tr><tr><td>5.</td><td>Overseas Securities</td><td>Nil</td><td>-</td></tr><tr><td>6.</td><td>ReITS and InVITS</td><td>Nil</td><td>-</td></tr><tr><td>7.</td><td>Debt Instruments with special features (AT1 and AT2 Bonds)</td><td>Upto 10% (upto 5%- single issuer) of the debt portfolio</td><td>Clause 12.2 of the SEBI Master Circular</td></tr><tr><td>8.</td><td>Debt Instruments with SO / CE rating</td><td>Upto 10% of the debt portfolio and the group exposure in such instruments shall not exceed 5% of the debt portfolio</td><td>Clause 12.3 of the SEBI Master Circular</td></tr><tr><td>9.</td><td>Tri-party repos (including reverse repo in T-bills and G-sec)</td><td>Upto 35%</td><td>-</td></tr><tr><td>10.</td><td>Other / own mutual funds</td><td>Upto 5% Mutual Fund level</td><td>-</td></tr><tr><td>11.</td><td>Repo/ reverse repo transactions in corporate debt securities</td><td>Nil</td><td>-</td></tr><tr><td>12.</td><td>Credit Default Swap transactions</td><td>Nil</td><td>-</td></tr><tr><td>13.</td><td>Writing of call options under covered call strategy</td><td>Nil</td><td>-</td></tr><tr><td>14.</td><td>unrated debt and money market instruments</td><td>Upto 5% (refer Note 1)</td><td>Clause 12.1 of the SEBI Master Circular</td></tr><tr><td>15.</td><td>Short Selling</td><td>In terms of guidelines prescribed by SEBI</td><td>Regulation 45 (2) of SEBI (Mutual Funds) Regulations, 1996</td></tr><tr><td>16.</td><td>Short Term Deposit</td><td>Refer Note 2</td><td>Clause 12.16 of the SEBI Master Circular</td></tr></table> Indicative table is subset of primary asset allocation table mentioned above and both shall be read in conjunction. Note 1-All such investments shall be made with the prior approval of the Board of AMC and the Board of Trustee. Note 2 -Investment in Short-Term Deposits- Pending deployment of the funds of the Scheme shall be in terms of clause 12.16 of the SEBI Master Circular, the AMC may invest funds of the Scheme in short term deposits of scheduled commercial banks, subject to following conditions: - The term 'short term' for parking of funds shall be treated as a period not exceeding 91 days. - Such deposits shall be held in the name of the Scheme. - The Scheme shall not park more than 15% of its net assets in the short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with the prior approval of the Trustee. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. - The Scheme shall not park more than 10% of its net assets in short term deposit(s) with any one scheduled commercial bank including its subsidiaries. - The Trustee shall ensure that the funds of the Scheme are not parked in the short term deposits of a bank which has invested in that Scheme. - AMC will not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks. - The Trustee shall also ensure that the bank in which a scheme has short term deposits do not invest in the scheme until the scheme has short term deposits with such bank. The above provisions do not apply to term deposits placed as margins for trading in cash and derivative market. Stock lending Subject to SEBI (MF) Regulations and the applicable guidelines issued by SEBI, the Mutual Fund may engage in stock lending. The AMC shall comply with all reporting requirements and the Trustee shall carry out periodic review as required by SEBI guidelines. Stock lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period. The Investment Manager will apply the following limits, should it desire to engage in Stock Lending: - Not more than 20% of the net assets of a Scheme can generally be deployed in Stock Lending. - Not more than 5% of the net assets of a Scheme can generally be deployed in Stock Lending to any single intermediary. <u>Cumulative gross exposure –</u> As per clause 12.24 of the SEBI Master Circular, the cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the scheme. Cash and cash equivalents as per SEBI letter no. SEBI/HO/ IMD-II/DOF3/ OW/P/ 2021/ 31487 / 1 dated November 03, 2021 which includes T-bills, Government Securities, Repo on Government Securities and any other securities as may be allowed under the regulations prevailing from time to time subject to the regulatory approval, if any, having residual maturity of less than 91 Days, shall not be considered for the purpose of calculating gross exposure limit.	Instruments	Indicative allocations (% of total assets)		Minimum	Maximum	Equity and equity related securities	65%	75%	Fixed income securities (Debt, securitized debt and money market securities)	25%	35%	Sl. No	Type of Instrument	Percentage of exposure	Circular references	1.	Securities Lending	Upto 20 % (Single intermediary 5%)	Clause 12.11 of the SEBI Master Circular	2.	Derivatives	Upto 100%	Clause 12.25 of the SEBI Master Circular	3.	Equity Derivatives for non-hedging purposes	Upto 75%	Clause 12.25 of the SEBI Master Circular	4.	Securitized Debt	Upto 35%	-			Foreign securitised debt - Nil		5.	Overseas Securities	Nil	-	6.	ReITS and InVITS	Nil	-	7.	Debt Instruments with special features (AT1 and AT2 Bonds)	Upto 10% (upto 5%- single issuer) of the debt portfolio	Clause 12.2 of the SEBI Master Circular	8.	Debt Instruments with SO / CE rating	Upto 10% of the debt portfolio and the group exposure in such instruments shall not exceed 5% of the debt portfolio	Clause 12.3 of the SEBI Master Circular	9.	Tri-party repos (including reverse repo in T-bills and G-sec)	Upto 35%	-	10.	Other / own mutual funds	Upto 5% Mutual Fund level	-	11.	Repo/ reverse repo transactions in corporate debt securities	Nil	-	12.	Credit Default Swap transactions	Nil	-	13.	Writing of call options under covered call strategy	Nil	-	14.	unrated debt and money market instruments	Upto 5% (refer Note 1)	Clause 12.1 of the SEBI Master Circular	15.	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Note 1- Mutual Fund schemes (except Index Funds and ETFs) may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following: The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme. The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances. At all points of time the Mutual Fund scheme shall comply with the provisions at (a) and (b) above. In case of any passive breach of the requirement at (a), the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme. In case a Mutual Fund scheme needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with (a) and (b) above while selling the securities. In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts The premium received shall be within the requirements prescribed in terms of Clause 12.25.2 of SEBI Master Circular i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the scheme. The exposure on account of the call option written under the covered call strategy shall not be considered as exposure for the purpose of calculating cumulative gross exposure. The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the respective scheme(s) until the position is closed or expired. Note 2- All such investments shall be made with the prior approval of the Board of AMC and the Board of Trustee. Note 3-Investment in Short-Term Deposits- Pending deployment of the funds of the Scheme shall be in terms of clause 12.16 of the SEBI Master Circular, the AMC may invest funds of the Scheme in short term deposits of scheduled commercial banks, subject to following conditions: - The term 'short term' for parking of funds shall be treated as a period not exceeding 91 days. - Such deposits shall be held in the name of the Scheme. - The Scheme shall not park more than 15% of its net assets in the short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with the prior approval of the Trustee. 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Sr. No.	Particulars	Existing Scheme Features	Proposed Scheme Features (Changes are highlighted in Bold)
		Portfolio Rebalancing: The percentage of the Scheme's corpus invested in equity securities and fixed income securities may increase subject to a maximum of 75% and 35% respectively and in the event of the same rising above 75% and 35% respectively, a review and rebalancing of the asset allocation will be called for by the Investment Manager in following manner- Rebalancing of deviation due to short term defensive consideration: Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a short term on defensive considerations in line with clause 1.14.1.2 of the SEBI Master Circular; the intention being at all times to protect the interests of the Unit Holders and the Scheme shall endeavor to rebalance the portfolio within 30 calendar days. It may be noted that no prior intimation/indication will be given to investors when the composition/asset allocation pattern under the Scheme undergoes changes within the permitted band as indicated above. Portfolio rebalancing in case of passive breach: As per Clause 2.9 of the SEBI Master Circular and clarifications/ guidelines issued by AMFI / SEBI from time to time, in the event of deviation from mandated asset allocation mentioned, passive breaches (i.e. occurrence of instances not arising out of omission and commission of AMC), shall be rebalanced within 30 business days. Where the portfolio is not rebalanced within above mentioned period, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before Investment Committee. The Investment Committee, if so desires, can extend the timelines up to sixty (60) business days from the date of completion of mandated rebalancing period. In case the portfolio is not rebalanced within the aforementioned mandated plus extended timelines the AMC shall comply with the prescribed restrictions, the reporting and disclosure requirements as specified in Clause 2.9 of the SEBI Master Circular.	<u>Stock lending</u> Subject to SEBI (MF) Regulations and the applicable guidelines issued by SEBI, the Mutual Fund may engage in stock lending. The AMC shall comply with all reporting requirements and the Trustee shall carry out periodic review as required by SEBI guidelines. Stock lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period. The Investment Manager will apply the following limits, should it desire to engage in Stock Lending: - Not more than 20% of the net assets of a Scheme can generally be deployed in Stock Lending. - Not more than 5% of the net assets of a Scheme can generally be deployed in Stock Lending to any single intermediary. <u>Cumulative gross exposure –</u> As per clause 12.24 of the SEBI Master Circular, the cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the scheme. Cash and cash equivalents as per SEBI letter no. SEBI/HO/ IMD-II/DOF3/ OW/P/ 2021/ 31487 / 1 dated November 03, 2021 which includes T-bills, Government Securities, Repo on Government Securities and any other securities as may be allowed under the regulations prevailing from time to time subject to the regulatory approval, if any, having residual maturity of less than 91 Days, shall not be considered for the purpose of calculating gross exposure limit. <u>Portfolio Rebalancing:</u> Rebalancing of deviation due to short term defensive consideration: Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a short term on defensive considerations in line with clause 1.14.1.2 of the SEBI Master Circular; the intention being at all times to protect the interests of the Unit Holders and the Scheme shall endeavor to rebalance the portfolio within 30 calendar days. It may be noted that no prior intimation/indication will be given to investors when the composition/asset allocation pattern under the Scheme undergoes changes within the permitted band as indicated above. Portfolio rebalancing in case of passive breach: As per Clause 2.9 of the SEBI Master Circular and clarifications/ guidelines issued by AMFI / SEBI from time to time, in the event of deviation from mandated asset allocation mentioned, passive breaches (i.e. occurrence of instances not arising out of omission and commission of AMC), shall be rebalanced within 30 business days. Where the portfolio is not rebalanced within above mentioned period, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before Investment Committee. The Investment Committee, if so desires, can extend the timelines up to sixty (60) business days from the date of completion of mandated rebalancing period. In case the portfolio is not rebalanced within the aforementioned mandated plus extended timelines the AMC shall comply with the prescribed restrictions, the reporting and disclosure requirements as specified in Clause 2.9 of the SEBI Master Circular.
4)	Investment Strategy*	Strategy for Equity Securities The Investment Manager prefers adopting a top-down approach with regard to investment in equity and equity related securities. This approach encompasses an evaluation of key economic trends, an analysis of various sectors in the economy leading to an outlook on their future prospects and a diligent study of various investment opportunities within the favoured sectors. In picking out individual investment opportunities for the portfolio, the Investment Manager will seek both value and growth. Value is discerned when the Investment Manager believes that the inherent worth or long-term growth potential of a company is not fully reflected in the share price of the company. Growth stocks, as the term suggests, are those stocks that are currently in the growth phase. Such growth in earnings could be due to a new product, a new process, growing market share, stronger brand equity, technological breakthrough and unique or predominant position in a market, among other factors. The Investment Manager will conduct in-house research in order to identify value and growth stocks. The analysis will focus, among other things, on the historical and current financial condition of the company, capital structure, business prospects, strength of management, responsiveness to business conditions, product profile, brand equity, market share, competitive edge, research and technological know-how and transparency in corporate governance. The quality or strength or management would be a key focus area.	<i>Following section is modified as follows-</i> Strategy for Equity Securities The Investment Manager follows an active investing strategy and will prefer a combination of bottom-up and top-down approach with regards to investment in equity and equity related securities. In picking out individual investment opportunities for the portfolio, the Investment Manager will focus on intrinsic value of the business. The investment manager will attempt to mitigate risk by prioritizing businesses that offer a higher margin of safety with respect to the intrinsic value. The analysis will focus, among other things, on the historical and current financial conditions of the company, capital structure, business prospects, strength of management, responsiveness to business conditions, product profile, brand equity, market share, competitive edge, research and technological know-how and transparency in corporate governance. The quality and strength of management would be a key focus area. <i>Following provision is added -</i> <u>Overseas securities</u> The scheme will also invest in overseas securities as permitted by SEBI in accordance with the asset allocation pattern. <u>'Covered Call' under Equity Derivatives section-</u> The covered call strategy can be followed by the Fund Manager in order to hedge risk thereby resulting in better risk adjusted returns of the Scheme. This strategy is also employed when the Fund Manager has a short-term neutral view on the asset and for this reason holds the asset long and simultaneously takes a short position via covered call option strategy to generate income from the option premium.

* Considered as Fundamental Attribute Change

Note: A detailed communication (Unitholders letter) is sent to all the existing unitholders of the Scheme informing about the other changes including risk factors along with risk mitigation strategies, investment restrictions and where will scheme invest (section I and II) and taxation. A Unitholder letter sent to the unitholders are also available on our website www.dspim.com under Mandatory Disclosure section. **Unitholders are requested to read the entire unitholder letter before taking any action in this regard.**

Note: All other features of the Scheme except those mentioned above will remain unchanged.

- The Board of Directors of DSP Asset Managers Private Limited and the Board of Directors of DSP Trustee Private Limited, have approved the above proposed changes. Further, SEBI vide email dated September 24, 2024, has taken on record the proposed changes.
- In line with regulatory requirements, for scheme where a change in fundamental attributes is being proposed, we are offering an exit window ("Exit Option") to the Unit holders of 31 days (*minimum 30 days*) from October 28, 2024 to November 27, 2024 (both days inclusive) ("Exit Option Period"). These changes will be effective from November 28, 2024 ("Effective Date"). During the Exit Option Period, unit holders not consenting to the change may either switch to any other scheme of DSP Mutual Fund or redeem their investments at applicable Net Asset Value without payment of exit load subject to provisions of applicable cut-off time as stated in the Scheme Information Document (SID) of the relevant scheme. All transaction requests received on or after November 28, 2024 will be subject to applicable exit load (if any), as may be applicable to the respective Scheme mentioned above.
- Redemption / Switch requests, if any, may be lodged at any of the Official Points of Acceptance of DSP Mutual Fund.
- The above information is also available on the website of DSP Mutual Fund viz., www.dspim.com.
- Unit holders who have pledged / encumbered their units will not have the option to exit unless they submit a letter of release of their pledges / encumbrances prior to submitting their redemption / switch requests.
- Investors who have registered for Systematic Investment Plan (SIP) in the Scheme and who do not wish to continue their future investments must apply for cancellation of their SIP registrations.
- The redemption warrant/cheque will be mailed, or the amount of redemption will be credited to the unit holders bank account (as registered in the records of the Registrar, Computer Age Management Services Limited) within 3 (three) working days from the date of receipt of redemption request.
- It may be noted that the offer to exit is purely optional and not compulsory. If the Unit holder has no objection to the aforesaid change, no action is required to be taken and it would be deemed that such Unit holder has consented to the aforesaid change.**
- Please note that unit holders who do not opt for redemption on or before November 27, 2024 (upto 3 p.m.) shall be deemed to have consented to the changes specified herein above and shall continue to hold units in the scheme of DSP Mutual Fund. In case the unit holders disagree with the aforesaid changes, they may redeem all or part of the units in the respective scheme of DSP Mutual Fund by exercising the Exit Option, without exit load within the Exit Option Period by submitting a redemption request online or through a physical application form at any official point of acceptance/investor service center of the DSP Asset Managers Private Limited ('AMC') or to the depository participant (DP) (in case of units held in Demat mode). Unit holders can also submit the normal redemption form for this purpose.
- The option to redeem the Units without exit load during the Exit Option Period can be exercised in the following manner:
 - Unit holders can submit redemption requests online or via duly completed physical application form at any official points of acceptance/investor service center of the AMC or to the DP (in case of units held in Demat mode).
 - The redemption/ switch requests shall be processed at applicable NAV as per time stamping provisions contained in the SID of the Scheme.
 - Unit holders should ensure that any changes in address or pay-out bank details required by them, are updated in DSP Mutual Fund's records at least 10 (Ten) working days before exercising the Exit Option. Unit holders holding Units in dematerialized form may approach their DP for such changes.
- The expenses related to the proposed changes and other consequential changes as outlined above will not be charged to the unit holders of the Scheme of DSP Mutual Fund.
- Tax Consequences:**

Redemption / switch-out of units from the Scheme may entail capital gain/loss in the hands of the unitholder. For unit holders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information of DSP Mutual Fund and Scheme Information Document of relevant scheme of DSP Mutual Fund would be applicable. In case of NRI investors, TDS shall be deducted from the redemption proceeds in accordance with the prevailing income tax laws. In view of the individual nature of tax consequences, Unitholders are advised to consult their professional tax advisors for tax advice.

Unit holders who require any further information may contact:
DSP ASSET MANAGERS PRIVATE LIMITED
CIN: U65990MH2021PTC362316
Investment Manager for DSP Mutual Fund ('Fund')
Mafatalal Centre, 10th Floor, Nariman Point, Mumbai 400021
Tel. No.: 91-22 66578000, Toll Free No: 1800 200 4499
Website: www.dspim.com Email ID: service@dspim.com



DSP Equity & Bond Fund
(An open ended hybrid scheme investing predominantly in equity and equity related instruments)

This product is suitable for investors who are seeking*:	Scheme Riskometer	Benchmark Riskometer
- Capital growth and income over a long-term investment horizon - Investment primarily in equity/equity-related securities, with balance exposure in money market and debt securities *Investors should consult their financial advisers if in doubt about whether the Scheme is suitable for them.	RISKOMETER INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK	As per AMFI Tier I Benchmark: CRISIL Hybrid 35+65 – Aggressive Index RISKOMETER INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK

(For latest Riskometers, investors may refer on the website of the Fund viz. www.dspim.com)

Unit holders are requested to update their PAN, KYC, email address, mobile number, nominee details with AMC and are also advised to link their PAN with Aadhaar Number. Further, Unit holders can view the Investor Charter available on website of the Fund as well as check for any unclaimed redemptions or Income Distribution cum Capital Withdrawal ("IDCW") payments.

Place: Mumbai
Date: October 22, 2024

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.