The Board of Directors of DHFL Pramerica AMC and DHFL Pramerica TC have approved the merger of the below referred a) Schemes, b) Generating additional returns in the form of option premium in a range bound market.

The Boards of Directors of DHFL Pramerica AMC and DHFL Pramerica TC have approved creation of segregated portfolio of debt and money market instruments in a mutual fund scheme in case of a credit event and to deal with liquidity risks. The term 'segregated portfolio' shall mean a portfolio comprising debt or money market instrument affected by a credit event, the cost of which has been segregated from the total portfolio.

They have also directed the Management Company to follow the provisions of SEBI (Mutual Fund) Regulations, 1996, as amended from time to time in case of merger of schemes/plans/options.

The term "total portfolio" shall mean the scheme portfolio including the securities affected by the credit event.

In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on the provisions of the Scheme and the SAI. The separate addendum to the SAI shall be prepared and filed with SEBI.

A segregated portfolio may be created in a mutual fund scheme in case of a credit event of an instrument level as per SEBI's circular dated January 17, 2019. The above proposals have been approved by the Board of Directors of DHFL Pramerica AMC and DHFL Pramerica TC at their meeting held on February 21, 2019 and April 23, 2019, respectively.

The term 'default' means the event of default as defined in the instrument of the mutual fund scheme.

The term 'tax benefit' means the tax benefit arising from the event of default as defined in the instrument of the mutual fund scheme.

The term 'default tranche' means the tranche of the mutual fund scheme which receives the default tranche in case of default of a debt or money market instrument.

The term 'tranche' means the tranche of the mutual fund scheme to which the segregated portfolio of default tranche shall be allocated in case of default of a debt or money market instrument.

The Board of Directors of DHFL Pramerica AMC and DHFL Pramerica TC have approved the writing of call options in Schemes of DHFL Pramerica MF:

-- A call option gives the holder (buyer) the right but not the obligation to buy an asset by a certain date for a certain price. Covered calls are an option strategy in which the holder of the call option is the writer of a put option on the same underlying asset and with the same expiration date.

-- The profit potential from call option writing is capped at the option premium, however the downside depends upon the increase in value of the underlying equity shares. A call option writer can lose only the amount of the premium received.

-- Writing call options is highly specialized and requires a lot more technical training than other investments. Each option strategy has a specific risk profile, and investors should understand the potential risks before investing.

-- Overall, the writing of call options can be a useful strategy for investors looking to generate income from their portfolio while still maintaining some exposure to the underlying asset.