TATA SMART INVESTMENT PLAN - 1
(A 36 months close ended hybrid scheme)

What is Tata Smart Investment Plan - 1?

Tata Smart Investment plan is a 36 months close end hybrid scheme that gives you the advantage of investing in debt and equity. To start with the scheme will be invested in debt and over the next 12 months (Scheme A) to 24months (Scheme B) the investment amount will be moved to equity on a monthly basis in a systematic manner. So it gives the investor the advantage of debt, equity and systematic investing all packaged in one product.

What is the difference between Tata Smart Investment Plan – 1 and a regular SIP?

Regular SIP plans normally offer investors the facility of post dated cheques or auto debit at time of investment. However in the Tata Smart Investment Plan you will have to make a one time investment during the NFO period.
The second difference is that the money that lies in debt would also fetch returns whereas in the case of a regular SIP the money before being invested in all likelihood would generate returns that of a savings account.

What are the benefits of investing in Tata Smart Investment Plan - 1?

The benefits of investing in Tata Smart Investment Plan – 1 are
1) Getting multiple advantages of investment in debt and equity at a time when the market conditions are suitable.
2) Getting the advantage of systematic investing style which would be helpful in a volatile market.
3) One time investing and yet getting the advantage of systematic style of investment.
4) liquidity as the scheme would be listed on stock exchange
5) Tax efficiencies upon remaining invested until maturity

What are the advantages of systematic style of investing?
Rupee cost averaging

By investing a fixed sum at fixed intervals we can:
Buy fewer shares when the price is higher, more shares when the price is lower
It brings down the average cost per unit; this is called **Rupee Cost Averaging**.

SIP takes care that your average price works out to be lower than the price you would have paid at the market peak. However in a one way movement, the SIP strategy may not benefit investors

Rupee cost averaging: An Illustration

Let take a hypothetical example that Rahul invests Rs.1000/- through an SIP route while his friend Sagar invests a lump sum of Rs. 12000/-. We have assumed that the starting NAV in the first month is Rs. 10/- and the period of investment is 1 year.

	Rahul's Investment			**Sagar's Investment**	
Month	**Amount Invested**	**NAV**	**Units Allotted**	**Amount Invested**	**Units allotted At Rs. 10/-**
1	1000	10.00	100.00	12000	1200
2	1000	9.75	102.56		
3	1000	10.35	96.62		
4	1000	9.60	104.17		
5	1000	9.21	108.58		
6	1000	9.80	102.04		
7	1000	10.25	97.56		
8	1000	9.95	100.50		
9	1000	9.30	107.53		
10	1000	8.85	112.99		
11	1000	10.10	99.01		
12	1000	9.65	103.63		
	12000		**1235.19**	**12000**	**1200**

The table above clearly demonstrates the following advantages of SIP:

1. Helps to reduce average cost of investment :

   Rahul's average cost of Investment : 12000/1235.19 = Rs. 9.71

   Sagar's average cost of Investment : Rs. 10/-

2. Through Rupee cost averaging you don't have to worry about where the price of a mutual fund's units are heading. You invest a fixed sum of money irrespective of the market condition. Therefore you get more units when the markets are down and less units when the markets are up.

Power of compounding

1. The earlier you start investing, the better it is for creating long term wealth.
2. The longer you invest the more your money will have the opportunity to grow.

Tata Smart Investment Plan – 1 will be investing systematically into equities. This means that the scheme can buy more number of shares when the prices are low and fewer numbers of shares when the prices are high. This results in averaging of cost per share. This means that your average price works out to be lower than the price you would have paid at the market peak However in a one way movement of the market the SIP stategy may not benefit investors.

What are the admisnistrative benefits of investing in Tata Smart Investment Plan – 1?

Generally Systematic Investment Plans involve writing a number of cheques / payment instructions, storage of multiple account statements, accounting / recording of multiple transactions, computation of tax liability in respect of each installment etc. All these may cause administrative inconvenience to the investors. In Tata Smart Investment Plan – 1, an investor will be making a one time investment and will be saved of all this trouble.

What happens to the scheme at the end of 36 months?

At the end of the 36 months, there will be compulsory redemption.

How will the debt market scenario help the product?

1) The yields have hardened in the debt markets. Hence it is possible to lock in the investments at higher yields.
2) The interest rate scenario is downwards bias. Hence the probability of capital gains does also exist in the medium term which will accrue to the investment made in this fund.

How will the equity market scenario help the product?

1. Valuations in the short term remain attractive
2. Markets are expected to rally in the medium term as the global economy conditions improve
3. Markets however likely to remain volatile
4. There is concern on the robust recovery
5. Performance of the corporate sector continues to be good
6. Global funds flow seems to be picking up and likely to remain healthy

Whom is the fund suitable for?

The fund is suitable for investors of all ages who are prepared to park their funds for a period of 3 years and make the best of the debt and equity market and at the same time derive the benefit of systematic style of investment and manage market volatility

How is the scheme tax efficient?

After completion of 15 months and 22 months, from the date of allotment, of the scheme A and scheme B respectively, the schemes will be treated as equity oriented schemes and the long term capital gains tax will be exempted for the investor. However redemption after completion of above period will be subject to securities transaction tax.

Please note that Information about Income Tax treatment mentioned in the offer document of TSIP 1 is based on the prevailing tax laws and interpretation given by fund's tax advisor. It may be interpreted differently by tax authorities. Investors are advised to consult their own tax advisors with respect to the specific tax implications.

How I can redeem my investment in case of an emergency?

Is having a demat account necessary for investing in this product.
It is not necessary to have a “demat” account to invest in this fund. But for those who wish to redeem in the interim period before closure of the scheme will need to open a “demat” account. This is because the scheme will be listed in the stock exchange and trading at the exchange will require a “demat” account.

How about Investment Pattern and Risk Profile?

Under normal circumstances, the total assets of the Scheme, shall (after providing for all ongoing expenses) generally be invested / the indicative asset allocation shall be as follows:

Scheme A)

During first Twelve Months from the date of allotment

Instrument	Proportion** (% of Funds Available / Net Asset)		Risk Profile
	Minimum	Maximum	
Equity / Equity Related Instruments	0	100	High
Debt, Money Market and Securitized Debt Instruments*	0	100	Low to medium

After completion of Twelve months till maturity

Instrument	Proportion** (% of Funds Available / Net Asset)		Risk Profile
	Minimum	Maximum	
Equity / Equity Related Instruments	65	100	High
Debt, Money Market and Securitized Debt Instruments*	0	35	Low to medium

Scheme B)

During first Twenty Four months from the date of allotment

Instrument	Proportion** (% of Funds Available / Net Asset)		Risk Profile
	Minimum	Maximum	
Equity / Equity Related Instruments	0	100	High
Debt, Money Market and Securitized Debt Instruments*	0	100	Low to medium

After completion of Twenty Four months till maturity

Instrument	Proportion** (% of Funds Available / Net Asset)		Risk Profile
	Minimum	Maximum	
Equity / Equity Related Instruments	65	100	High
Debt, Money Market and Securitized Debt Instruments*	0	35	Low to medium

*Investment by the scheme in securitized debt, will not normally exceed 20% of the net asset of the scheme

** At the time of investment

Nature and Investment Objective: TATA SMART INVESTMENT PLAN - 1: A three years close ended hybrid scheme. The primary investment objective of the scheme is to generate returns by investing systematically in equity/equity related instruments.

Risk Factors: ● **All** investment in Mutual Funds and securities are subject to market risks, reinvestment risk, changes in political, economic environment and government policy and there is no assurance or guarantee that the objectives of the Scheme will be achieved. ● As with the investment in stocks, shares and securities, the NAV of the Scheme can go up or down depending on factors and forces affecting the Capital Market. ● Past performance of the previous schemes, the sponsors or its group affiliates are not indicative of and do not guarantee of future performance of the Scheme. ● The Sponsor or any of its associates is not responsible or liable for any loss resulting from the operation of the Scheme beyond the corpus of the Trust of Rs. 1,00,000/- ● Investors in the scheme are not being offered any guaranteed or assured rate of return. ● TATA SMART INVESTMENT PLAN – 1 is only the names of the schemes and do not in any manner indicate either the quality of the schemes, future prospects or returns. ● Investment in fixed income securities are subject to interest rate risk, credit risk and liquidity risk. ● Derivatives are highly leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investors. ● The risks associated with the use of derivatives are different from or possibly greater than the risk associated with investing directly in securities and other traditional investments. ● Information about Income Tax treatment mentioned in the SID / SAI is based on the prevailing tax laws and interpretation given by Fund's tax advisor. It may be interpreted differently by tax authorities. Investors are advised to consult their tax advisor respect to the specific tax implications arising by investing in the scheme**.** ● Copy of SID / SAI and key information memorandum along with application form may be obtained from the office of Tata Mutual Fund, Fort House, 221, Dr. D. N. Road, Mumbai 400 001 or at your nearest collection centres.

Load Structure: Entry (During NFO) 2.25% for each investment amount less than Rs. 2 crore. Nil for each investment amount equal to or more than 2 crore. Exit (Upon Maturity) N.A. No loads shall be charged on the units subscribed by any fund of fund scheme.

Statutory Details: Constitution: Tata Mutual Fund (TMF) has been set up as a Trust under the Indian Trust Act 1882. **Sponsors**: Tata Sons Limited and Tata Investment Corporation Limited. **Trustee**: Tata Trustee Company Pvt. Ltd. **Investment Manager**: Tata Asset Management Ltd. For other scheme specific risk factors and other details please read the Scheme Information Document (SID) and Statement of Additional Information (SAI) carefully before investing**.**

RISK FACTORS WITH RESPECT TO LISTING OF THE SCHEME

- Buying and selling units on stock exchange requires the investor to engage the services of a broker and are subject to payment of margins as required by the stock exchange/broker, payment of brokerage, securities transactions tax and such other costs.
- Trading in scheme could be restricted due to which market price may or may not reflect the true NAV of the scheme at any point of time. Also there can be no assurance that an active secondary market will develop or be maintained for the units of the Scheme.
- The market price of the units, like any other listed security, is largely dependent on two factors, viz., (1) the intrinsic value of the unit (or NAV), and (2) demand and supply of units in the market. Sizeable demand or supply of the units in Exchange may lead to market price of the units to quote at premium or discount to NAV.
- Where units are issued or later on converted in demat form through depositories, the records of the depository will be final with respect to the number of units available to the credit of unit holder. Settlement of trades, repurchase of units by the mutual fund upon maturity depends up on the confirmations to be received from depository(ies) on which the mutual fund has no control.
- Any change in Tax Laws applicable to mutual funds may affect the returns to the investor.