

## **CHAPTER 13: ADVERTISEMENTS<sup>510</sup>**

**13.1** Advertisement shall be in terms of Sixth Schedule<sup>511</sup>.

**13.2** In addition to the provisions of the Sixth Schedule, AMCs shall comply with the following:<sup>512</sup>

13.2.1 While advertising pay out of dividends, all advertisements shall disclose the dividends declared or paid in rupees per unit along with the face value of each unit of that scheme and the prevailing NAV at the time of declaration of the dividend.

13.2.2 Further, for pay out of dividends at maturity of closed-ended scheme(s)/ at completion of the interval period of interval scheme(s), AMC shall advertise that “the entire distributable surplus at the time of maturity or at the completion of the interval period shall be distributed

13.2.3 Pay out of Dividend/ Bonus: While advertising pay outs, all advertisements shall disclose, immediately below the pay out figure (in percentage or in absolute terms) that the NAV of the scheme, pursuant to pay out would fall to the extent of payout and statutory levy (if applicable).

### **13.3 Disclosing performance related information in Mutual Fund advertisements<sup>513</sup>**

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<sup>510</sup>SEBI Circular No. Cir/IMD/DF/13/2011 dated August 22, 2011 and SEBI Circular No. Cir/IMD/DF/6/2012 dated February 28, 2012 and SEBI Circular No. SEBI/IMD/CIR No.1/64057/06 dated April 04, 2006, Refer SEBI email dated May 03, 2017, Refer SEBI letter No. IMD/DF2/RS/2017/10751 dated May 12, 2017, Refer SEBI letter No. IMD/SEC4/OW/P/2023/9448/1 dated March 03, 2023

<sup>511</sup> Sixth Schedule of SEBI (Mutual Funds) Regulations, 1996

<sup>512</sup> SEBI Circular No. Cir/IMD/DF/6/2012 dated February 28, 2012 and Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021, Refer SEBI email dated June 02, 2010

<sup>513</sup> SEBI Circular No. Cir/IMD/DF/23/2017 dated March 15, 2017

13.3.1 In performance advertisements of Mutual Fund schemes:

13.3.1.1 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.

13.3.1.2 In order to provide ease of understanding to retail investors, point-to-point returns on a standard investment of Rs. 10,000/- shall also be provided in addition to CAGR of the scheme.

13.3.1.3 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.

13.3.1.4 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.

13.3.1.5 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

13.3.2 Where the scheme has been in existence for less than six months past performance shall not be provided. Further, if the scheme has been in existence for more than six months but less than one year, then simple annualized growth rate of the scheme for the past 6 months from the last day of month-end preceding the date of advertisement shall be provided<sup>514</sup>.

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<sup>514</sup> SEBI Circular No. Cir/IMD/DF/13/2011 dated August 22, 2011 and SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

13.3.3 <sup>515</sup>In case of Overnight funds, Liquid funds and Money Market funds, wherein investors have very short investment horizon, the performance can be advertised by simple annualisation of yields if a performance figure is available for at least 7 days, 15 days and 30 days provided it does not reflect an unrealistic or misleading picture of the performance or future performance of the scheme.

13.3.4 For the sake of standardization, a similar return in INR and by way of CAGR must be shown for the following apart from the scheme benchmarks:

<b>Sr.No.</b>	<b>Category of Schemes</b>	<b>Additional Benchmark</b>
1	<i>All Equity Scheme</i>	<i>Sensex/ Nifty</i>
2	<i>All Debt Schemes having duration / maturity upto 1 year and Arbitrage Funds</i>	<i>1-year T-Bill</i>
3	<i>All Debt Schemes which are not covered in Point 2</i>	<i>10 year dated GOI Security</i>
4	<i>Conservative Hybrid Fund</i>	<i>10 year dated GOI Security</i>
5	<i>Balanced Hybrid Fund / Aggressive Hybrid Fund / Dynamic Asset Allocation or Balanced Advantage / Multi Asset Allocation</i>	<i>Sensex / Nifty</i>
6	<i>Equity Savings</i>	<i>10 year dated GOI Security</i>
7	<i>Retirement Fund / Children's Fund</i>	<i>Sensex/Nifty</i>
8	<i>Index Funds / ETFs &amp; FoFs (Overseas/ Domestic)</i>	<i>Appropriate benchmark based on the underlying asset</i>

<sup>515</sup> SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

		<i>allocation as per above</i>
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These disclosures shall form a part of the Statement of Additional Information and all advertisements of Mutual Funds.

13.3.5 Any disclosure regarding quarterly/ half yearly/ yearly performance shall pertain to respective calendar quarterly/ half yearly/ yearly only.

13.3.6 <sup>516</sup>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:

13.3.6.1 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.

13.3.6.2 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.

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<sup>516</sup> SEBI Circular No. Cir/IMD/DF/23/2017 dated March 15, 2017

13.3.6.3 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.

13.3.6.4 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.

13.3.6.5 An indicative format<sup>517</sup> of disclosure of performance of other schemes managed by the concerned fund manager is provided.

#### **13.4 Disclosure of Performance of Schemes post-merger<sup>518</sup> :**

13.4.1 Disclosure of performance of schemes post-merger shall be as given below

13.4.1.1 When two schemes, for example, Scheme A (Transferor Scheme) & Scheme B (Transferee Scheme), having similar features, get merged and the merged scheme i.e., surviving scheme also has the same features, the weighted average performance of both the schemes needs to be disclosed.

13.4.1.2 When Scheme A (Transferor Scheme) gets merged into Scheme B (Transferee Scheme) and the features of Scheme B are retained, the performance of the scheme whose features are retained needs to be disclosed.

13.4.1.3 When Scheme A (Transferor Scheme) gets merged into Scheme B (Transferee Scheme) and the features of Scheme A (Transferor

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<sup>517</sup> Please refer to [format no. 7.A](#) under the section on Formats

<sup>518</sup> SEBI Circular No- SEBI/HO/IMD/DF3/CIR/P/2018/69 dated April 12, 2018

scheme) are retained, the performance of the scheme whose features are retained needs to be disclosed.

13.4.1.4 When Scheme A (Transferor Scheme) gets merged with Scheme B (Transferee Scheme) and a new scheme, Scheme C emerges after such consolidation or merger of schemes, the past performance need not be provided.

13.4.2 In addition to disclosing the performance of the scheme as mentioned above, past performance of such scheme(s) whose features are not retained post-merger may also be made available on request with adequate disclaimer.

### **13.5 Filing of Advertisements<sup>519</sup>**

13.5.1 Regulation 30 of SEBI (Mutual Funds) Regulations, 1996 (MF Regulations) on Advertisement material, requires Mutual Funds to submit to SEBI, the advertisements issued by them, within 7 days from the date of issue.

13.5.2 In continuation to the various Go Green initiatives in Mutual Funds, the AMCs are advised to submit links to access the advertisements to be filed under the MF Regulations by sending the same through e-mail to SEBI at [mf\\_advertisement@sebi.gov.in](mailto:mf_advertisement@sebi.gov.in). However, advertisement materials like pamphlets may be submitted as attachment along with e-mail, if the size of the attachment does not exceed 250 KB.

13.5.3 AMCs shall however, maintain copy of advertisements for future references.

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<sup>519</sup> SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/34 dated March 08, 2019, Refer SEBI email dated March 29, 2010

13.5.4 While sending the e-mail, the compliance officer of respective Mutual Fund shall expressly confirm that the advertisement is in compliance with the Advertisement code specified in the sixth schedule of the MF Regulations.

### **13.6 Indicative portfolios and yields in mutual funds schemes<sup>520</sup>**

13.6.1 Mutual Funds, AMCs and distributors shall not offer any indicative portfolio and indicative yield. No communication regarding the same in any manner whatsoever shall be issued by any Mutual Funds, AMCs or distributors of its products. The compliance of the same shall be monitored by the AMC and Trustees of Mutual Funds and reported in their respective reports to SEBI.

#### **13.6.2 Indicative portfolio or yield in close ended debt oriented mutual fund schemes<sup>521</sup>**

Mutual Funds (MFs)/AMCs may make following additional disclosures in the SID/SAI and KIM without indicating the portfolio or yield, directly or indirectly:

13.6.2.1 MFs/AMCs shall disclose their credit evaluation policy for the investments in debt securities.

13.6.2.2 MFs/AMCs shall also disclose the list of sectors they would not be investing.

13.6.2.3 AMCs shall disclose the type of instruments which the schemes propose to invest viz. CPs, CDs, Treasury bills etc.

13.6.2.4 AMCs shall disclose the floors and ceilings within a range of 5% of the intended allocation (in %) against each sub asset

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<sup>520</sup> SEBI Circular No. IMD/CIR No. 14/151044/09 dated January 19, 2009

<sup>521</sup> SEBI Circular No. CIR/IMD/DF/12/2011 dated August 01, 2011

class/credit rating. For example, it may be disclosed that x-y % would be in AAA rated bank CD as per the sample matrix below:

<b>Credit Rating</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>
<b>Instruments</b>				
CDs				
CPs				
NCDs				
Securitized debt				
Any Other				

13.6.2.5 After the closure of NFO, the AMCs will report in the next meeting of AMCs and Trustees the publicized percentage allocation and the final portfolio. Variations between indicative portfolio allocation and final portfolio will not be permissible.