

Annexure 1B – Life Cycle Funds

An open ended fund with a target date maturity following a glide path investing in a mix of asset classes i.e. Equity, Debt, InvITs, ETCDs, Gold & Silver ETF.

1. Mutual Fund may launch Life Cycle Funds with a minimum tenure of 5 years and a maximum tenure of 30 years. Such fund may be launched for tenures in multiple of 5 years and a maximum of 6 funds by a Mutual Fund can be active for subscription at any given point in time. Additionally, as each fund reaches less than 1 year to maturity, such fund may be merged with nearest maturity Life Cycle Fund with positive consent from the unitholders.
2. Asset Allocation for Life Cycle Funds to be followed in following manner:

For Life Cycle Funds with maturity of 30 years

Years to Maturity	Investment in Equity (%)	Investment in Debt (%)	Investment in Gold/Silver ETFs/ETCDs/InvITs (%)
15-30 Years	65-95	5-25	0-10
10-15 Years	65-80	5-25	0-10
5-10 Years	50-65	5-25	0-10
3-5 Years	35-50	25-50	0-10
1-3 Years	20-35	25-65**	0-10
< 1 Years	5-20	25-65**	0-10

For Life Cycle Funds with maturity of 25 years

Years to Maturity	Investment in Equity (%)	Investment in Debt (%)	Investment in Gold/Silver ETFs/ ETCDs /InvITs (%)
15-25 Years	65-95	5-25	0-10
10-15 Years	65-80	5-25	0-10
5-10 Years	50-65	5-25	0-10
3-5 Years	35-50	25-50	0-10
1-3 Years	20-35	25-65**	0-10
< 1 Years	5-20	25-65**	0-10

For Life Cycle Funds with maturity of 20 years

Years to Maturity	Investment in Equity (%)	Investment in Debt (%)	Investment in Gold/Silver ETFs/ ETCDs /InvITs (%)
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15-20 Years	65-95	5-25	0-10
10-15 Years	65-80	5-25	0-10
5-10 Years	50-65	5-25	0-10
3-5 Years	35-50	25-50	0-10
1-3 Years	20-35	25-65**	0-10
< 1 Years	5-20	25-65**	0-10

For Life Cycle Funds with maturity of 15 years

Years to Maturity	Investment in Equity (%)	Investment in Debt (%)	Investment in Gold/Silver ETFs/ ETCs /InvITs (%)
10-15 Years	65-80	5-25	0-10
5-10 Years	50-65	5-25	0-10
3-5 Years	35-50	25-50	0-10
1-3 Years	20-35	25-65**	0-10
< 1 Years	5-20	25-65**	0-10

For Life Cycle Funds with maturity of 10 years

Years to Maturity	Investment in Equity (%)	Investment in Debt (%)	Investment in Gold/Silver ETFs/ ETCs /InvITs (%)
5-10 Years	50-65	5-25	0-10
3-5 Years	35-50	25-50	0-10
1-3 Years	20-35	25-65**	0-10
< 1 Years	5-20	25-65**	0-10

For Life Cycle Funds with maturity of 5 years

Years to Maturity	Investment in Equity (%)	Investment in Debt (%)	Investment in Gold/Silver ETFs/ ETCs /InvITs (%)
3-5 Years	35-50	25-50	0-10
1-3 Years	20-35	25-65**	0-10
< 1 Years	5-20	25-65**	0-10

*** Exposure in debt instruments shall be limited to AA & above rated instruments with residual maturity less than the target maturity of scheme.*

ETCDs shall be based only on Gold/Silver.

For years to maturity less than 10 years, all Life Cycle Funds may take equity arbitrage exposure upto 50% in addition to the investment range specified for equity while ensuring that total investment in equity and equity related instruments remains within 65%- 75% in such schemes (as defined above).

3. In order to inculcate financial discipline, in life cycle funds, an exit load of 3% would be chargeable on any exit by an investor within one year of investment; an exit load of 2% within first two years of investment and 1% in the first three years of investment.
4. Life Cycle Funds shall follow benchmark framework as prescribed for Multi Asset Allocation Fund.
5. Life Cycle Funds shall include the maturity date in the nomenclature of the scheme, for e.g. Life Cycle Fund 2055, Life Cycle Fund 2045 etc.
 - a. An AMC may opt to continue 'Children's Fund', however such AMC may not launch 20 years life cycle fund and may launch either/all of remaining 5 life cycle funds.
 - b. An AMC may opt to continue 'Retirement Fund', however such AMC may not launch 30 years life cycle fund and may launch either/all of remaining 5 life cycle funds.
 - c. An AMC may opt to continue both 'Children's Fund' and 'Retirement Fund', however such AMC may not launch 20 years and 30-year life cycle fund and launch either/all of remaining 4 life cycle funds only i.e. 5 year, 10 year, 15 year and 25 year.
 - d. An AMC may discontinue 'Children's Fund' and 'Retirement Fund' and opt to launch 6 life cycle funds. All subscriptions in the aforesaid schemes shall be stopped and such schemes shall be merged with any other scheme as per the approval of the Board.