



ASSOCIATION OF MUTUAL FUNDS IN INDIA

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A. P. KURIAN

CHAIRMAN

135/BP/03/02-03

October 8, 2003

To all members of AMFI

Dear «Title» «LastName»,



Best Practices – Recommended Guidelines

I. Assets Under Management (AUM)

The following procedures are suggested in respect of disclosure of AUM as recommended by the Best Practices Committee

1. Assets under management as at the end of the month should be published on the AMFI web site latest by the first working day of the next month.
2. Inter-scheme investments should be adjusted while computing assets under management. For e.g. If 'A' scheme of the mutual fund invests 'X' amount in 'B' scheme of the same mutual fund, the amount so invested should be adjusted from the net assets of 'A' scheme for that month.
3. In the case of cheque received for substantial amount for investment in the scheme at the end of the month and returned unpaid subsequently, the corrected AUM should be posted on the AMFI web site within 15 working days if the same is in excess of 1% of the assets under management of that scheme for that month.

II. Average Assets Under Management (AAUM)

Some of the funds have started disclosing AAUM during the month in addition to AUM as at the end of the month. Adopting the concept of AAUM was examined by the AMFI Best Practices Committee which observed that apart from averaging out the volatility in the size of the assets over the month, the main objective of adopting such a practice is to avoid unhealthy race among the mutual funds in garnering funds at the end of the month to boost month end AUM.

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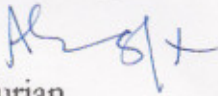
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At the same time both SEBI regulation as also for audit purposes mutual funds are required to disclose AUM as at the end of the month. The committee therefore has recommended that AAUM may be disclosed on voluntary basis as a best practice in addition to the disclosure of AUM.

We shall appreciate if the above recommendations are followed as Best Practice. With regard to hosting of AUM and AAUM on AMFI Website detailed procedural advise will be sent separately.

With kind regards,

Yours sincerely,



A.P.Kurian
Chairman

«Title» «FirstName» «LastName»
«JobTitle»
«Company»
«Address1»
«Address2»
«City»«PostalCode»