



NIT UNIT TRUST

PROPOSED AMENDMENT TO PROSPECTUS

18 DECEMBER 2024

Current Dividend Policy

Distribution Requirement:

- The Fund is required to distribute the entirety of its available net income to unitholders annually.
- This is done after deducting fees, charges, expenses, and accounting for tax liabilities or refunds.
- Distributions are made in the form of additional units.

Impact of the Current Policy:

Reduction in Fund Price:

Long-term decline in the Fund's unit price.

Increase in Units:

Simultaneous rise in the number of units held by unitholders.

Challenges Identified:

- Fund price appears **low compared to launch price**, which creates perception issues.
- Monitoring issues with regards to the Fund performance
- **Marketing difficulties** due to low price appearance.
- Increased **administrative burden**.

Example of Current Policy

	Fund Value (Rs)	Fund Price (Rs)
Starting Value	200.00	2.00
Dividend Received	11.00	
Ending Value	211.00	2.11
Expenses	-2.00	-0.02
Ending Value Net of Expenses	209.00	2.09

Dividend Payable to Unitholders	-9.00	
New Units (From Dividends)	9.00	
Final Ending Value	209.00	2.00

Initial Number of Units	100.00
Dividend (Rs)	9.00
Additional Units to be created	4.50
Final Number of Units	104.50

Proposed Change

Amend Dividend Policy:

- Transition from a mandatory distribution model to a discretionary dividend policy.

Expected Benefits:

•Stabilize Unit Price:

- Enhance Fund's price perception and marketability.

•Operational Efficiency:

- Reduce administrative overhead.

•Flexibility:

- Allow for tailored dividend decisions based on market conditions and strategic considerations.

Action Required:

Approval of Amendment: AGM to review and approve the proposed changes to the Funds' prospectus.

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