

04:05 PM 20 APR CLOSED MARKET STATS ▼	SENSEX 34,415 ▼ -11.71	NIFTY 50 10,564 ▼ -1.25	GOLD (MCX) (Rs/10g.) 31,440.0 ▼ -158.0	USD/INR 66.10 ▲ 0.31	CREATE PORTFOLIO	Download ET MARKETS APP	CHOOSE LANGUAGE ENG ▼	LIVE TV
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Aditya Birla Sun Life Tax Savings Fund merges into ABSL Tax Relief '96

BY SHIVANI BAZAZ, ET ONLINE | UPDATED: APR 20, 2018, 04.17 PM IST

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Aditya Birla Sun Life Mutual Fund has decided to merge their two tax-saving schemes to comply with Sebi's new norms of mutual fund categorisation. The fund house released a notice announcing the merger of Aditya Birla Sun Life Tax Savings Fund into Aditya Birla Sun Life Tax Relief '96. Both the schemes were tax-saving or ELSS schemes with a three-year lock-in period.

The effective date of this merger will be May 21. After the merger, Aditya Birla Sun Life Tax Relief '96 will remain an ELSS scheme with a target allocation of 80 per cent equity and 20 per cent debt and money market securities.

"In terms of prevailing regulatory requirements, unitholders of the Merging Scheme are given an option to exit i.e. redeem their units or switch to any other scheme(s) of Aditya Birla Sun Life Mutual Fund by submitting request for redemption or switch to any of existing schemes of the Fund at the prevailing NAV without payment of exit load during exit option period from April 19, 2018 till May 18, 2018 (both days inclusive and upto 3.00 pm on May 18, 2018) at designated Official Points of Acceptance of Transactions of the Fund," the company said in the notice.



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However, since the scheme getting merged is an ELSS and has a mandatory lock-in period of three years, there is ambiguity on whether all the investors can exit the schemes. Vishal Dhawan, CFP, Plan Ahead Wealth Advisors, believes that investors, who haven't completed the mandatory lock-in period, have to stay with the new scheme. "I believe those investors who haven't completed their mandatory lock-in will have to stay with the new scheme till they complete three years from the day they invested and then they can move out. Investors who have completed three years are free to exit or stay," says Vishal Dhawan.

Redemption and switch requests received after 3 pm on May 18 will not be considered for redemption. However, the exit offer is not available to unitholders of Aditya Birla Sun Life Tax Relief '96, since there is no change in the fundamental attributes of the scheme. The redemption proceeds of the merging scheme shall be dispatched within 10 business days of receipt of valid redemption request.

According to Vishal Dhawan, since both the schemes have similar investment mandates, it shouldn't be a problem for investors to switch. "Both ELSSs have similar investment mandates. In fact, ABSL Tax Relief '96 has a better track record. So I think investors who have not completed three years should have no problem sticking to the new scheme," says Vishal Dhawan.

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