

Statement of Additional Information (SAI)

Capitalmind Mutual Fund

Name of the Mutual Fund	Capitalmind Mutual Fund Registration Code: MF/084/25/10
Name of the Asset Management Company	Capitalmind Asset Management Private Limited CIN: U66301KA2024PTC194639
Name of the Trustee Company	Capitalmind Trustee Private Limited CIN: U66190KA2024PTC194038

Addresses, Website of the Entities:

Capitalmind Mutual Fund	<u>Registered Address:</u> #2323, 1 st Floor, "Prakash Arcade", 17 th Cross, 27 th Main, HSR Layout Sector 1, Bengaluru - 560102
Capitalmind Asset Management Private Limited	Website: https://capitalmindmf.com Email: amc.cs@capitalmindmf.com
Capitalmind Trustee Private Limited	Toll free No: 1-800-570-5001

This Statement of Additional Information (SAI) contains details of Capitalmind Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document).

This SAI is dated 13th October 2025.

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Interpretation

For all purposes of the SAI, except as otherwise expressly provided or unless the context otherwise requires:

all references to the masculine shall include the feminine and all references to the singular shall include the plural and vice-versa.

- all references to "dollars" or "\$" refer to United States Dollars and "Rs." refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".
- all references to timings relate to Indian Standard Time (IST).
- References to a day are to a calendar day including non-Business Day.
- Words and expressions used herein but not defined shall have the meaning specified in the Companies Act, 2013, Securities Contracts (Regulation) Act, 1956, SEBI Act, 1992, SEBI (Mutual Funds) Regulations, 1996, Depositories Act, 1996, Reserve Bank of India Act, 1934, Public Debts Act, 1944, Information Security Act, 2000 and the Rules, Income Tax Act 1961, Contract Act, 1872, Prevention of Money Laundering Act, 2002, Foreign Exchange Management Act 1999 & Rules and Regulations Circulars and Guidelines issued thereunder from time to time.
- Clause headings are for ease of reference only and shall not affect the construction or interpretation of this Document.
- A reference to a thing includes a part of that thing.
- Any reference to any statute or statutory provision shall be construed as including a reference to any statutory modifications or re-enactment from time to time.

This Statement of Additional Information (SAI) contains details of Capitalmind Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document). The words and expressions used in the SAI will have the same meaning assigned from time to time in the SID.

Definitions

AMC or Asset Management Company or Investment Manager	Capitalmind Asset Management Private Limited, incorporated under the provisions of the Companies Act, 2013 and approved by SEBI to act as the Asset Management Company for the schemes of Capitalmind Mutual Fund.
Applicable NAV	The NAV applicable for purchase or redemption or switching of Units based on the time of the Business Day on which the application is accepted, subject to the provisions of realization of funds and 'cut-off timings' as described in this SAI.
Applications Supported by Blocked Amount (ASBA)	An application containing an authorization given by the Investor to block the application money in his specified bank account towards the subscription of Units offered during the NFO of the Scheme. If an investor is applying through ASBA facility, the application money towards the subscription of Units shall be debited from his specified bank account only if his/her application is selected for allotment of Units.
Book Closure	The time during which the Asset Management Company would temporarily suspend sale, redemption and switching of Units.
Beneficial Owner	Beneficial owner as defined in the Depositories Act, 1996 (22 of 1996) means a person whose name is recorded as such with a depository.
Business Day	<p>A day other than:</p> <ul style="list-style-type: none"> • Saturday and Sunday; • A day on which the banks in Mumbai and / or RBI are closed for business/clearing; • A day on which the National Stock Exchange of India Limited and/ or the Stock Exchange, Mumbai are closed; • A day which is a public holiday; • A day on which Sale / Redemption / Switching of Units is suspended by the AMC; • A day on which normal business cannot be transacted due to storms, floods, strikes or such other events as the AMC may specify from time to time.

	The Trustees/ AMC reserves the right to declare any day as a Business Day or otherwise.
Business Hours	Presently 9 a.m. to 6 p.m. on any Business Day or such other time as may be applicable from time to time.
Controlling Branches (CBs) of the SCSBs	Controlling Branches (CBs) of the SCSBs are the branches of the SCSBs acting as coordinating branch for the Registrar and Transfer Agent of Capitalmind Mutual Fund, Capitalmind AMC and the Stock Exchange(s) for the ASBA facility offered during the NFO period of the Scheme(s) of Capitalmind Mutual Fund.
Custodian	A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996, which for the time being is Deutsche Bank AG. for the Scheme].
Depository	Depository as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL).
Depository Participant or DP	A person registered as 'Depository Participant' under sub-Section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.
Depository Records	Depository Records as defined in the Depositories Act, 1996 (22 of 1996) includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the said Act from time to time.
Derivative	Derivative includes (i) a security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security; (ii) a contract which derives its value from the prices, or index of prices, or underlying securities.
Dividend	Income distributed by the Mutual Fund on the Units.
Designated Branches (DBs) of the SCSBs	Designated Branches (DBs) of the SCSBs are the branches of the SCSBs which shall collect the ASBA Application Forms duly filled by the Investors towards the subscription to the Units of the Scheme offered during the NFO. The list of these Designated

	Branches shall be available on the website of SEBI at https://www.sebi.gov.in
Income Distribution cum withdrawal option (IDCW)	Income Distribution cum Capital Withdrawal option (IDCW) by the Mutual Fund on the Units. Income distributed on Mutual Fund Units from the distributable surplus, which may include a portion of the investor's capital, i.e. part of Sale Price (viz. price paid by the investor for purchase of Units) representing retained realized gains (equalisation reserve) in the Scheme books}.
Equity Related Instruments	Equity Related Instruments includes convertible debentures, convertible preference shares, warrants carrying the right to obtain equity shares, equity derivatives and such other instruments as may be specified by the SEBI from time to time.
Exit Load or Redemption Load	Load on Redemption / Switch out of Units.
Floating Rate Debt Instruments	Debt instruments issued by Central and / or State Government, corporates or PSUs with interest rates that are reset periodically. The periodicity of the interest reset could be daily, monthly, quarterly, half-yearly, annually or any other periodicity that may be mutually agreed with the issuer and the Fund. The interest on the instruments could also be in the nature of fixed basis points over the benchmark gilt yields.
Foreign Portfolio Investor or FPI	FPI means a person who satisfies the eligibility criteria prescribed under Regulation 4 and has been registered under Chapter II of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
Government Securities	Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in the Government Securities Act, 2006, as amended or re-enacted from time to time.
Holiday	Holiday means the day(s) on which the banks (including the Reserve Bank of India) are closed for business or clearing in Mumbai or their functioning is affected due to a strike / bandh call made at any part of the country or due to any other reason.

Investment Management Agreement	The agreement dated December 18, 2024 entered into between Capitalmind Trustee Private Limited and Capitalmind Asset Management Private Limited, as amended from time to time.
"Investor Service Centres" or "ISCs"	Designated Offices of Capitalmind Asset Management Private Limited or such other centres / offices as may be designated by the AMC from time to time
Load	In the case of Redemption / Switch-out of a Unit, the sum of money deducted from the Applicable NAV on the Redemption / Switch-out and in the case of Sale / Switch-in of a Unit, a sum of money to be paid by the prospective investor on the Sale / Switch-in of a Unit in addition to the Applicable NAV.
Market Capitalisation	Market value of the listed company, which is calculated by multiplying its current market price by number of its shares outstanding.
Money Market Instruments	Includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity upto one year, call or notice money, certificate of deposit, usance bills and any other like instruments as specified by the Reserve Bank of India from time to time.
Mutual Fund or The Fund	Capitalmind Mutual Fund, a trust set up under the provisions of the Indian Trust Act, 1882.
NAV or Net Asset Value	Net Asset Value per Unit of the Scheme, calculated in the manner described in the Scheme Information Document or as may be prescribed by the SEBI (Mutual Funds) Regulations 1996 from time to time.
New Fund Offer or NFO	Offer for purchase of Units of the Scheme during the New Fund Offer Period as described hereinafter.
Non-Resident Indian or NRI	A person resident outside India who is either a citizen of India or a person of Indian origin.
Official Points of Acceptance	Places, as specified by AMC from time to time where application for subscription/ redemption/ switch will be accepted on ongoing basis

Overseas Citizen of Indian or OCI	A person registered as an overseas citizen of India by the Central Government under Section 7A of 'The Citizenship Act, 1955'. The Central Government may register as an OCI a foreign national (except a person who is or had been a citizen of Pakistan or Bangladesh or such other person as may be specified by Central Government by notification in the Official Gazette), who was eligible to become a citizen of India on 26.01.1950 or was a citizen of India on or at any time after 26.01.1950 or belonged to a territory that became part of India after 15.08.1947 and his/her children and grandchildren (including Minor children), provided his/her country of citizenship allows dual citizenship in some form or other under the local laws.
Person of Indian Origin	A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or person referred to in sub-clause (a) or (b).
Plans	Plans shall include and mean existing, and any prospective Plan(s) issued by the Scheme in accordance with SEBI (Mutual Funds) Regulations, 1996.
Rating	Rating means an opinion regarding securities, expressed in the form of standard symbols or in any other standardised manner, assigned by a credit rating agency and used by the issuer of such securities, to comply with any requirement of the SEBI (Credit Rating Agencies) Regulations, 1999.
RBI	Reserve Bank of India, established under the Reserve Bank of India Act, 1934, (2 of 1934).
Redemption	Redemption of Units of the Scheme as permitted under the SID.
Redemption/Switch Trigger	Under this facility, an Unit holder has the option to trigger a sale or switch of his unit holding in the Scheme either partly for a specified amount or specified units or fully under the following circumstances:

	<p>On his achieving a desired absolute rate of return on his entire investment in the Schemes as specified by the Unit holders as communicated to the Fund; or</p> <p>On specified dates as communicated to the Fund The aforesaid facility may be offered / withdrawn in such Option(s) / Plan(s) / Scheme at the discretion of the AMC, as may be decided from time to time, with prospective effect. The circumstances / terms and conditions under which the trigger can be activated may also be varied by the AMC from time to time.</p>
Registrar and Transfer Agent or RTA	KFin Technologies Limited (Kfintech) , currently acting as registrar to the Mutual Fund / Scheme, or any other registrar appointed by the AMC from time to time.
Regulatory Agency	Government of India, SEBI, RBI or any other authority or agency entitled to issue or give any directions, instructions or guidelines to the Mutual Fund.
Repo	Sale of Securities with simultaneous agreement to repurchase them at a later date.
Reverse Repo	Purchase of Securities with a simultaneous agreement to sell them at a later date.
Sale/ Subscription	Sale or allotment of Units to the Unit holder upon subscription by the investor / applicant under the Scheme.
Scheme Information Document or SID	The SID issued by Capitalmind Mutual Fund.
SEBI	The Securities and Exchange Board of India.
SEBI (MF) Regulations or Regulations	SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.
Segregated Portfolio	A portfolio, comprising debt or money market instrument affected by a Credit Event that may be segregated in the Scheme optionally and at the sole discretion of the AMC.
Securities	Securities shall include securities as defined under the Securities Contracts (Regulation) Act, 1956.

Sponsors / Settlers	Capitalmind Financial Services Private Limited (Formerly known as Wizemarkets Analytics Private Limited)
Stock Lending	Lending of securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio.
Statement of Additional Information or SAI	The document issued by Capitalmind Mutual Fund that contains details of Capitalmind Mutual Fund, its constitution, and certain tax, legal and general information. SAI is legally a part of the Scheme Information Document.
Switch	Redemption of a Unit in any scheme (including the plans / options therein) of the Mutual Fund against purchase of a Unit in another scheme (including the plans / options therein) of the Mutual Fund, subject to completion of lock-in period, if any, of the Units of the scheme from where the Units are being switched.
Total Portfolio (with respect to creation of segregated Portfolio, if any)	Scheme portfolio including the securities affected by a Credit Event.
Tracking Error (TE)	<p>“Tracking Error” is defined as the standard deviation of the difference between daily total returns of the underlying index and the NAV of the Scheme.</p> <p>Thus, TE is the extent to which the NAV of the Scheme moves in a manner inconsistent with the movements of the Scheme’s benchmark index on any given day or over any given period of time due to any cause or reason whatsoever including but not limited to expenditure incurred by the Scheme, dividend payouts if any, whole cash not invested at all times as the Scheme may keep a portion of funds in cash to meet redemption etc.</p>
Tracking Difference (TD)	“Tracking Difference” is defined as the annualized difference of daily returns between the index and the NAV of the Scheme.
Trust Deed	The Trust Deed dated December 18, 2024 made by and between Capitalmind Financial Services Private Limited and Capitalmind Trustee Private Limited ("Trustee").

Trustee or Trustees or Trustee Company	Capitalmind Trustee Private Limited, a company incorporated under the Companies Act, 2013 and appointed as the Trustee to Capitalmind Mutual Fund.
Unit	The interest of the Unit holder which consists of each Unit representing one undivided share in the assets of the Scheme.
Unit holder or Investor	A person holding Units in the Scheme of Capitalmind Mutual Fund offered under the Scheme Information Document(s).

Abbreviations

AMC	Asset Management Company
AMFI	Association of Mutual Funds in India
CF SPL	Capitalmind Financial Services Private Limited
ECS	Electronic Clearing System
GOI	Government of India
GST	Goods and Services Tax
IMA	Investment Management Agreement
KRA	KYC Registration Agency
KYC	Know Your Customer
NAV	Net Asset Value
NFO	New Fund Offer
MF	Mutual Fund
PAN	Permanent Account Number
PoA	Power of Attorney
RBI	Reserve Bank of India
SID	Scheme Information Document
KIM	Key Information Memorandum
TRI	Total Return Index

I. INFORMATION ABOUT THE SPONSOR, AMC AND TRUSTEE COMPANY

A. Constitution of the Mutual Fund

Capitalmind Mutual Fund (the “Mutual Fund”) has been constituted as a Trust on December 18, 2024 in accordance with the provisions of the Indian Trust Act, 1882 (2 of 1882) with Capitalmind Financial Services Private Limited (Formerly known as Wizemarkets Analytics Private Limited) (“**CFSPL**”) as the Sponsor and Capitalmind Trustee Private Limited (“the Trustee Company” / “Trustee”) as Trustees to the Mutual Fund. The Trust Deed has been registered under the Registration Act, 1908. The Mutual Fund is registered with Securities and Exchange Board of India (SEBI) on April 11, 2025 under registration code MF/084/25/10.

No amendments to the trust deed shall be carried out without the prior approval of SEBI and unitholders approval would be obtained where it affects the interest of unitholder.

B. Sponsor

Capitalmind Mutual Fund is sponsored by Capitalmind Financial Services Private Limited (CFSPL). The Sponsor is the Settlor of the Mutual Fund Trust. The Sponsor has entrusted a sum of INR 1,00,000/- (Indian Rupees One Lakh only) to Capitalmind Trustee Private Limited (“the Trustee Company”) as the initial contribution towards the corpus of the Mutual Fund. The Sponsor shall be responsible for discharging its functions and responsibilities towards the Mutual Fund in accordance with the SEBI (Mutual Fund) Regulations 1996, and the various constitutive documents of the Mutual Fund.

The Sponsor is a company incorporated in India on 26th August 2014 under the provisions of the Companies Act, 2013 bearing registration no. U64990KA2014PTC076018. The Sponsor has been in the fund management business for over 08 (eight) years duly undertaking Portfolio Management Services (PMS) and managing Alternative Investment Funds (AIF) and has a successful track record.

Financial performance of the Sponsor (past three years) – amount in INR Lakhs

Particular	Financial Year 2024-2025 (Audited)	Financial Year 2023-2024 (Audited)	Financial Year 2022-2023 (Audited)
Net Worth	6,779.25	6,779.25	5,770.87
Total Income	3,208.88	3,667.24	2,141.07
Profit after Tax	277.71	1,008.34	68.40
AUM*	207,754.47	177,965.74	105,216.21

* Includes AUM under “Portfolio Management Service” and “Alternative Investment Funds”

C. The Trustee

Capitalmind Trustee Private Limited (“the Trustee”), through its Board of Directors, shall discharge its obligations as Trustee of the Capitalmind Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried out by the AMC.

Details of Trustee Directors:

Name	Age	Qualification	Brief Experience
Mr. Zerin Rahiman (Independent Director)	43 Years	B.Tech (NIT Calicut), PGPM (IIM Indore)	Zerin has an extensive leadership experience across multiple industries, he has served as a Director and Designated Partner at organizations such as Indigoedge Management Consultancy Pvt Ltd, Mfar Holdings Pvt Ltd, and Pixelsky Fund Manager LLP. In these roles, he has guided board-level decisions, managed operating teams, and led investment strategies. His career reflects a strong track record in governance, operations, and investment, consistently driving organizational growth
Mr. Rakesh Godhwani (Independent Director)	49 Years	BE (KREC / NITK), PGSEM (IIM B), PhD (Cardiff Metropolitan University)	Rakesh is the Managing Director & CEO of School of Meaningful Experiences Pvt Ltd, responsible for establishing the company’s vision, strategic plan, and overseeing its operations and resources. Concurrently, he serves as Adjunct Faculty of Communication at the Indian Institute of Management Bangalore, where he teaches in the MBA and Executive Education programs. Previously, he managed the IIMB Alumni Association Office, liaising with alumni across 14 global chapters and coordinating with various IIMB departments. His leadership spans corporate strategy, academic instruction, and alumni engagement.

Mr. Jasnoor Singh Gill (Independent Director)	40 Years	BE (Army Institute of Technology), PGPM (ISB)	<p>Jasnoor has served as Senior Director, Product Management at Nutanix Technologies India Private Limited, Bengaluru, leading the global Go-To-Market and product roadmap for Nutanix Cloud Manager-a \$150M annual revenue business and Nutanix's second largest product line. In this role, he led a team of 10+ product managers across India and the US, and evangelized the product to Fortune 500 customers. Previously, as Director, Product at Idea Device Technologies (acquired by Nutanix), he led US business expansion and set product strategy for Calm.io, a cloud and server automation platform. His expertise spans product leadership, global market expansion, and enterprise product evangelism</p>
Mr. Avijeet Sen (Associate Director)	38 Years	BE (Nanyang Technological University)	<p>Avijeet is currently a Director at Convergery Pte. Ltd., Singapore, overseeing investments and portfolio management. Previously, as Director, Open Banking at Mastercard Asia Pacific, he led go-to-market and expansion for Open Banking products in Asia Pacific and Latin America. Earlier, as Head of Strategic Partnerships at Grab Financial Group, he managed strategy, business development, and launched new financial services in Southeast Asia. He also has over seven years of experience in strategy, corporate development, and finance at Standard Chartered Bank. His expertise spans investments, open banking, and financial services innovation.</p>

Rights, Obligations, Responsibilities and Duties of the Trustee under the Trust Deed and the SEBI (Mutual Funds) Regulations 1996:

Pursuant to the Mutual Fund Regulations and the Trust Deed, constituting Capitalmind Mutual Fund, trust, the duties and responsibilities of the Trustee, are as follows:

- 1) The Trustees and the AMC with the prior approval of the SEBI has entered into an investment management agreement.
 - a) The investment management agreement shall contain such clauses as are mentioned in the Fourth Schedule and such other clauses as are necessary for the purpose of making investments.
- 2) The Trustee shall take reasonable care to ensure that the funds under the schemes floated by and managed by the AMC are in accordance with the Trust Deed and the Mutual Fund Regulations.
- 3) The Trustee shall have a right to obtain from the AMC such information as is considered necessary by the Trustee.
- 4) The Trustee shall Approve the policy for empanelment of brokers by the AMC and shall ensure the AMC has been diligent in empaneling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
- 5) The Trustee shall ensure that:
 - a) The AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to the interest of the unitholders.
 - b) The transactions entered into by the AMC are in accordance with the Mutual Fund Regulations, the scheme and the Trust Deed.
 - c) The AMC shall manage the schemes of the Mutual Fund independently of other activities and has taken adequate steps to ensure that the interest of investors of one scheme is not being compromised with those of any other scheme or of other activities of the AMC.
 - d) All the activities of the AMC are in accordance with the provisions of the Mutual Fund Regulations.
- 6) Where the Trustee has reason to believe that the conduct of business of the Mutual

Fund is not in accordance with the Mutual Fund Regulations and the schemes, it shall forthwith take such remedial steps as are necessary by them and shall immediately inform SEBI of the violation and the action taken by them.

- 7) Each Director of the Trustee Company shall file the details of his transactions of dealing in securities with the Mutual Fund within the time and manner as may be specified by the SEBI from time to time.
- 8) The Trustee shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unitholders in accordance with the SEBI (Mutual Funds) Regulations and the provisions of the Trust Deed.
- 9) The Trustee shall ensure that the income calculated by the AMC is in accordance with the Mutual Fund Regulations and the Trust Deed.
- 10) The Trustee shall obtain the consent of the unitholders:
 - a) Whenever required to do so by SEBI in the interest of the unit holders, or
 - b) Whenever required to do so on the requisition made by three-fourths of the unit- holders of any scheme, or
 - c) When the majority of the Directors of the Trustee Company decide to wind up a scheme in terms of clause (a) of sub-regulation (2) of regulation 39 or prematurely redeem the units of a close-ended scheme.
- 11) The Trustees shall ensure that no change in the fundamental attributes of any scheme, the fees and expenses payable or any other change which would modify the scheme and affects the interest of unit holders, shall be carried out unless, it complies with the sub-regulation (26) of Regulation 25 of SEBI (Mutual Funds) Regulations
- 12) The Trustee shall call for the details of transactions in securities by the key personnel of the AMC in his own name or on behalf of the AMC and shall report to SEBI, as and when required.
- 13) The Trustee shall quarterly (or such frequency as may be prescribed by SEBI) review all transactions carried out between the Mutual Fund, AMC and its associates.
- 14) The Trustee shall on a quarterly basis (or at such frequency as may be prescribed by SEBI) review the net worth of the AMC (to ensure compliance with the threshold provided

in clause (f) of the sub-regulation (1) of Regulation 21 of the Mutual Fund Regulations on a continuous basis

- 15) The Trustee shall periodically review the service contracts relating to Custody arrangements and satisfy themselves that such contracts are executed in the interest of the unit holders.
- 16) The Trustee shall ensure that there is no conflict of interest between the manner of deployment of its net worth by the AMC and the interest of the unit holders.
- 17) The Trustee shall periodically review the investor complaints received and the redressal of the same by the AMC.
- 18) The Trustee shall abide by the Code of Conduct as specified in Part-A of the Fifth Schedule of the SEBI (Mutual Fund) Regulations
- 19) The Trustee shall furnish to SEBI on a half-yearly basis, or such frequency as may be prescribed by SEBI from time to time: -
 - a) a report on the activities of the Mutual Fund
 - b) a certificate stating that the Trustee has satisfied themselves that there have been no instances of self-dealing or front-running by any of the trustees, its directors and key personnel or by the directors and key personnel of the AMC; and
 - c) a certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in clause (b) of the regulation 24 of Mutual Fund Regulation have been undertaken by the AMC and has taken adequate steps to ensure that the interests of the unitholders are protected.
- 20) The independent directors of the Trustee referred to in sub-regulation (5) of regulation 16 of SEBI (Mutual Funds) Regulations, shall give their comments on the report received from the AMC regarding the investments by the mutual fund in the securities of group companies of the Sponsor.
- 21) The Trustee shall exercise due diligence as under:
 - a) General Due Diligence:**
 - i. The Trustee shall be discerning in the appointment of the directors on the Board of the AMC

- ii. The Trustee shall review the desirability or continuance of the AMC if substantial irregularities are observed in any of the schemes and shall not allow the AMC to float new schemes.
- iii. The Trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
- iv. The Trustee shall ensure that all service providers are holding appropriate registrations from SEBI or concerned regulatory authority.
- v. The Trustee shall arrange for test checks of service contracts.
- vi. The Trustee shall immediately report to SEBI of any special developments in the mutual fund.

b) Specific Due Diligence:

The Trustees Shall:

- i. obtain internal audit reports at regular intervals from independent auditors appointed by the Trustee,
- ii. obtain compliance certificates at regular intervals from the AMC,
- iii. hold meeting of the Board of Directors of the Trustee regularly and frequently, in accordance with the Mutual Funds Regulations
- iv. consider the reports of the independent auditor and compliance reports of AMC at the meetings of the Trustee for appropriate action,
- v. maintain records of the decisions of the Trustee at its meetings and of the minutes of the meetings,
- vi. prescribe and adhere to a code of ethics by the Trustee, AMC and its personnel,
- vii. communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies

c) Core Responsibilities:

- i. The Trustees shall ensure the fairness of the fees and expenses charged by the AMC.
- ii. The Trustees shall review the performance of AMC in its schemes vis-a-vis the performance of peers or the appropriate benchmarks.
- iii. The Trustees shall ensure that the AMC have put in place adequate systems to prevent mis-selling to increase assets under their management and valuation of the AMC.
- iv. The Trustees shall ensure that operations of AMC are not unduly influenced by the AMC's Sponsor, its associates and other stakeholders of AMC.
- v. The Trustees shall ensure that undue or unfair advantage is not given by AMC to any of their associates/group entities.

- vi. The Trustees shall be responsible to address conflicts of interest, if any, between the shareholders/stakeholders/associates of the AMC and unitholders.
 - vii. The Trustees shall ensure that the AMC has put in place adequate systems to prevent misconduct including market abuse/misuse of information by the employees, AMC and connected entities of the AMC
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- 22) The Trustees and their resource persons shall independently evaluate the extent of compliance by AMC vis-à-vis the identified key areas and not merely rely on AMC's submissions /external assurances. In this regard, the Trustees may rely on professional firms such as Audit Firms, Legal Firms, Merchant Bankers, etc. (collectively referred to as "third party fiduciaries") for carrying out due diligence on behalf of the Trustees.
 - 23) The Trustees shall periodically review the steps taken by AMC for folios which do not contain all the Know Your Client (KYC) attributes / updated KYC attributes and ensure that the AMC take remedial steps necessary for updating the KYC attributes especially pertaining to bank details, PAN, mobile phone number.
 - 24) Notwithstanding anything contained above, the trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.
 - 25) The independent directors of the Trustee or AMC shall pay specific attention to the following, as may be applicable, namely:—
 - a) the Investment Management Agreement and the compensation paid under the IMA,
 - b) service contracts with associates—whether the AMC has charged higher fees than outside contractors for the same services,
 - c) selections of the AMC's independent directors,
 - d) securities transactions involving associates to the extent such transactions are permitted,
 - e) selecting and nominating individuals to fill independent director's vacancies,
 - f) designed code of ethics to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions,
 - g) the reasonableness of fees paid to the Sponsor, AMC and any others for services provided,
 - h) principal underwriting contracts and their renewals,
 - i) any service contract with the associates of the AMC.
 - 26) The trustees shall also exercise due diligence on such matters as may be specified by SEBI from time to time.

Supervisory Role of the Trustee - The supervisory role of the Trustee will be discharged inter alia by reviewing the information and operations of The Mutual Fund based on the reports furnished by AMC, internal audit reports/compliance reports received on a periodical basis. The board meeting of the Trustee shall be held at least once in every two calendar months and at least six such meetings shall be held every year or at such frequency as may be prescribed under the Mutual Fund Regulations. There were 6 board meetings held during the financial year 2024-25. Further, the quorum for a board meeting of the Trustee shall not be constituted unless such a number of independent directors as may be prescribed by SEBI, from time to time, are present in at the meeting.

Systems set up by the trustees for monitoring the activities of the AMC:

- 1) The board of directors of the Trustee has constituted an audit committee and risk committee chaired by an independent director.
- 2) The audit committee shall meet periodically to discuss the internal control systems, the scope of audit of the internal auditors, as well as the observations made by them. They shall also review the annual financial accounts. Recommendations, if any, of the audit committee on any matter relating to financial management etc. are considered in the subsequent board meeting of the AMC and the Trustee.
- 3) The scope of the risk committee shall be as per the SEBI (Mutual Funds) regulation and the Master Circular for Mutual Funds issued by SEBI, from time to time, which lays down broad framework for risk management.

II. ASSET MANAGEMENT COMPANY

Capitalmind Asset Management Private Limited (“the AMC” or “Capitalmind AMC”) is a private limited company incorporated under the Companies Act, 2013 on November 6th 2024, having its registered office at #2323, 1st Floor, “Prakash Arcade”, 17th Cross, 27th Main, HSR Layout Sector 1, Bengaluru - 560102. Further, the AMC has been appointed as the AMC of the Mutual Fund by the Trustee, vide the IMA dated December 18, 2024 executed between the AMC and the Trustee.

In terms of the IMA, the AMC has assumed day to day responsibilities for investment management of the Mutual Fund and in such capacity, will make investment decisions and manage the Schemes of the Mutual Fund in accordance with the scheme and investment objectives, Trust Deed, IMA and Mutual Fund Regulations and guidelines issued in this regard.

The AMC is not undertaking any other business activities as provided in Regulation 24(b) of the SEBI(MF) Regulations 1996.

A. Shareholding pattern of the AMC

The shareholding pattern of the AMC as on April 30, 2025:

Name of shareholder	Percentage
Capitalmind Financial Services Private Limited (Formerly known as Wizemarkets Analytics Private Limited)	100%
Capitalmind AMC is a wholly owned (100%) subsidiary of Capitalmind Financial Services Private Limited, the sponsor of Capitalmind Mutual Fund	

B. Details of AMC Directors

Name	Age	Qualification	Brief Experience
Mr. Samit Singh	52	B Sc (Delhi University), MBA (FMS - ML Sukhadia University)	Samit Singh brings 28 years of rich experience in banking and financial services, with a focus on outsourcing, offshoring, and operations management across retail banking, investment banking, and asset management. He has held senior leadership roles, including Board Director and Chief Operating Officer at UBS, where he played a pivotal role in strategic and transformational projects. At JP Morgan, he served as Location Head for Asset & Wealth Management Operations and later led Securities Services Operations in Corporate & Investment Banking, managing complex fund accounting and onboarding for major mutual and pension funds. His career also spans roles at Citicorp, eFunds, and EXL, where he demonstrated strong expertise in setting up and scaling operations, vendor management, and leading cross-border transitions. Now based in Bangalore, Samit is dedicated to mentoring and advising on life, career, and

			financial planning, following his early retirement from corporate life.
Mr. Vinay Kesari	38	BA LLB (Nalsar University of Law, Hyderabad)	Vinay Kesari has over 15 years of experience spanning law, fintech, and digital infrastructure. He is currently Director – Operations & Strategy at Setu AA, an RBI-licensed Account Aggregator. He was part of the founding team at Setu, where he served as General Counsel and played a key role in regulatory compliance, investor relations, and the company's acquisition by Pine Labs. Previously, Vinay was an independent tech lawyer and Managing Associate at Luthra & Luthra Law Offices, where he established and led the technology law and policy practice, advising major global tech and fintech firms on regulatory issues. He has also worked as Counsel in independent practice, advising the Ministry of Electronics & IT and the National Internet Exchange of India on internet governance, and began his legal career in corporate law and regulatory advisory at Luthra & Luthra. His expertise spans fintech regulation, technology policy, and digital infrastructure.
Mr. Deepak Shenoy	50	BE (NITK), PGDBM (NMIMS)	Deepak Shenoy is the CEO of Capitalmind, asset management company. He has led Capitalmind since 2013, overseeing its growth and investment strategies. Prior to this, he was a Consultant at Fintellix, working on regulatory reporting products, and Consulting Director at Estee Advisors, where he focused on trading strategies and risk metrics. Deepak co-founded Moneyoga.com, providing investment strategies and market analytics, and served as CEO (India) at FLOvate Technologies, managing software solutions for business process management. He also co-founded Agni Software, specializing in business automation and business intelligence solutions. His earlier experience includes roles as a Software Engineer at Icode Technologies and BFL Software, where he developed applications in web and mainframe

			environments. Deepak's career spans software development, fintech entrepreneurship, and investment management, with expertise in building and managing technology-driven financial services platforms.
Mr. Vashistha Iyer	38	Bachelor of Fashion Technology, NIFT Gandhinagar, PGDM (IMT)	<p>Vashistha Iyer is a founding team member and Chief Operating Officer at Capitalmind Financial Services, where since 2016 he has overseen portfolio-management operations, regulatory compliance, and the development of Capitalmind's proprietary quantitative and automation platforms. Designated as key investment personnel for both the PMS and AIF businesses, he aligns cross-functional teams with strategic objectives and embeds technology that scales investment workflows.</p> <p>Prior to joining Capitalmind, Mr Iyer served as Chief of Staff to Lok Sabha MP P. D. Rai (2013-16), delivering policy research and shepherding legislative initiatives following his tenure as a LAMP Fellow. He holds a Post-Graduate Diploma in Finance from IMT Ghaziabad and a Bachelor of Fashion Technology from NIFT Gandhinagar, bringing a multidisciplinary rigor to his operational and product-led mandate.</p>

C. Duties & Responsibilities of AMC

Under SEBI (Mutual Funds) Regulations and the IMA, the AMC has, inter-alia, the following duties and responsibilities:

- 1) The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time and the trust deed.
- 2) The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
- 3) The AMC shall obtain, wherever required under SEBI (Mutual Funds) Regulations, 1996 as amended from time to time, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed
- 4) The AMC shall be responsible for the acts of commission or omission by its employees or the persons whose services have been procured by the AMC.
- 5) The AMC shall submit to the Trustee quarterly reports of each year on its activities and the compliance with SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.
- 6) The Trustee at the request of the AMC may terminate the assignment of the AMC at any time, provided such termination shall become effective only after the trustees have accepted the termination of assignment and communicated their decision in writing to the AMC.
- 7) Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of liability to the Mutual Fund for their acts of commission or omission, while holding such position or office.
- 8) The Chief Executive Officer (whatever be the designation) of the AMC shall
 - a. ensure that the Mutual Fund complies with all the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time. and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the Mutual Fund.
 - b. ensure that the AMC has adequate systems in place to ensure that the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fifth Schedule of SEBI

(Mutual Funds) Regulations, 1996 as amended from time to time. are adhered to in letter and spirit. Any breach of the said Code of Conduct shall be brought to the attention of the Board of Directors of the AMC and Trustees.

- 9) The fund managers, including the Chief Investment Officer (whatever the designation may be) shall
 - a. ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unit holders.
 - b. abide by the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fifth Schedule of SEBI (Mutual Funds) Regulations, 1996 and submit a quarterly self-certification to the Trustees that they have complied with the said code of conduct or list exceptions, if any
- 10) The Dealers (whatever be the designation) shall
 - a. ensure that orders are executed on the best available terms, taking into account the relevant market at the time for transactions of the kind and size concerned to achieve the objectives of the scheme and in the best interest of all the unit holders.
 - b. abide by the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fifth Schedule of the SEBI (Mutual Funds) Regulations, 1996 and submit a quarterly self-certification to the Trustees that they have complied with the said code of conduct or list exceptions, if any.
- 11) The board of directors of the AMC shall ensure that all the activities of the AMC are in accordance with the provisions of the SEBI (Mutual Funds) regulations.
- 12) The AMC shall not through any broker associated with the sponsor, purchase or sell securities, which is average of 5 per cent or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes. For the purpose of this, the aggregate purchase and sale of securities shall exclude the sale and distribution of units issued by the mutual fund. Further the aforesaid limit of 5 per cent shall apply for a block of any three months.
- 13) The AMC shall not purchase or sell securities through any broker other than a broker referred to the point 12 aforementioned, which is an average of 5 per cent or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its Schemes, unless the AMC has recorded in writing the justification for exceeding the limit of 5 per cent and reports of all such investments are sent to the trustees on a quarterly basis. The aforesaid limit shall apply for a block of three months.
- 14) The AMC shall not utilise the services of the Sponsor or any of its associates, employees or their

relatives, for the purpose of any securities transaction and distribution and sale of securities: However, the AMC may utilise such services if disclosure to that effect is made to the unitholders and the brokerage or commission paid is also disclosed in the half-yearly annual accounts of the mutual fund. Further the mutual funds shall disclose at the time of declaring half yearly and yearly results:

- a. any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities of associate companies,
 - b. devolvement, if any,
 - c. subscription by the Schemes in the issues lead managed by associate companies,
 - d. subscription to any issue of equity or debt on private placement basis where the Sponsor or its associate companies have acted as arranger or manager.
- 15) The AMC shall file with the trustees the details of transactions in securities by the key personnel of the AMC in their own name or on behalf of the AMC and shall also report to SEBI, as and when required by SEBI.
- 16) In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the trustees at its next meeting.
- 17) In case any company has invested more than 5 per cent of the net asset value of a scheme, the investment made by that Scheme or by any other Scheme of the same Mutual Fund in that company or its subsidiaries shall be brought to the notice of the trustees by the AMC and be disclosed in the half-yearly and annual accounts of the respective schemes with justification for such investment provided the latter investment has been made within one year of the date of the former investment calculated on either side.
- 18) The AMC shall file with the Trustees and SEBI
 - a. detailed biodata of all its directors along with their interest in other companies within fifteen days of their appointment;
 - b. any change in the interests of directors every six months; and
 - c. a quarterly report to the trustees giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsor or the AMC, as the case may be, by the mutual fund during the said quarter.
- 19) Each director of the AMC shall file the details of his transactions of dealing in securities with the trustees on a quarterly basis in accordance with guidelines issued by SEBI.

- 20) The AMC shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.
- 21) The AMC shall appoint registrars and share transfer agents who are registered with SEBI: The work relating to the transfer of units will not be processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
- 22) The AMC shall abide by the Code of Conduct as specified in PART-A of the Fifth Schedule of the SEBI Mutual Funds Regulations.
 - a. The AMC shall invest such amounts in such schemes of the mutual fund, based on the risks associated with the schemes, as may be specified by SEBI from time to time.
 - b. The AMC shall invest a percentage of the remuneration of such employees as specified by SEBI, in units of mutual fund schemes based on the designation or roles of the designated employees in the manner as may be specified by SEBI.
- 23) The AMC shall not invest in any of its scheme, unless full disclosure of its intention to invest has been made in the offer documents (SID), in case of schemes launched after the notification of SEBI (Mutual Funds) (Amendment) Regulations, 2011, Provided that an AMC shall not be entitled to charge any fee on its investment in that scheme.
- 24) The AMC shall –
 - a. not act as a trustee of any other mutual fund;
 - b. not undertake any other business activities except activities in the nature of management and advisory services to pooled assets including offshore funds, pension funds, provident funds, insurance funds, or such permitted foreign portfolio investors, if any of such activities are not in conflict with the activities of the Mutual Fund.

Provided that the AMC may itself or through its subsidiaries undertake such activities if (i) it satisfies SEBI that bank and securities accounts are segregated activity wise; (ii) AMC shall meet capital adequacy requirements, if any, separately for each such activity and obtain separate approval, if necessary under the relevant regulations; (iii) there are no material conflict of interest across different activities carried out by the AMC; and (iv) the absence of conflict of interest shall be disclosed to the trustees and unit holders in scheme information document and statement of additional information (v) there are unavoidable conflict of interest situations, it shall satisfy itself that disclosures are made of source of conflict, potential 'material risk or damage' to investor interests and detailed

parameters for the same (vi) it has/shall appoint separate fund managers for each separate fund managed by it unless the investment objectives and asset allocation are same and the portfolio is replicated across all the funds managed by a fund manager provided that the requirements of this clause shall not apply if the funds managed are of such categories if foreign portfolio investor subject to such conditions, as maybe specified by SEBI from time to time. (vii) it ensures fair treatment of investors across different products that shall include, but not limited to, simultaneous buy and sell in the same equity security only through market mechanism and a written trade order management system and (viii) it ensures independence to key personnel handling the relevant conflict of interest is provided through removal of direct link between remuneration to relevant asset management company personnel and revenues generated by that activity

Provided further that the AMC may, itself or through its subsidiaries, undertake portfolio management services and advisory services for other than broad based fund till further directions, as may be specified by SEBI, subject to compliance with the following additional conditions:-

- i. it satisfies SEBI that key personnel of the asset management company, the system, back office, bank and securities accounts are segregated activity wise and there exist system to prohibit access to inside information of various activities;
- ii. it meets with the capital adequacy requirements, if any, separately for each of such activities and obtain separate approval, if necessary under the relevant regulations

Provided further that the AMC may become a proprietary trading member for carrying out trades in the debt segment of the recognised stock exchanges, on behalf of its mutual fund schemes and may also become a self-clearing member of the recognised clearing corporations to clear and settle trades in the debt segment on behalf of its mutual fund schemes.

- 25) The AMC shall not carry out its operations including trading desk, unit holder servicing and investment operations outside the territory of India
- 26) The AMC shall compute and carry out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in Eighth Schedule of the SEBI Mutual Funds Regulations and shall publish the same.
- 27) The AMC and the sponsor of the Mutual Fund shall be liable to compensate the affected investors and/or the scheme for any unfair treatment to any investor as a result of inappropriate valuation.

- 28) The AMC shall report and disclose all the transactions in debt and money market securities, including inter scheme transfers, as may be specified by SEBI.
- 29) The AMC shall keep and maintain proper books of account, records and documents, for each scheme so as to explain its transactions and to disclose at any point of time the financial position of each scheme and in particular give a true and fair view of the state of affairs of the Mutual Fund and intimate to the SEBI the place where such books of account, records and documents are maintained. The financial statements and accounts of the mutual fund schemes shall be prepared in accordance with Indian Accounting Standards (IND AS) and any addendum thereto, as notified by the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time: Provided that in case there is any conflict between the requirements of IND AS and these regulations and guidelines issued thereunder, the AMC shall follow the requirements specified under these regulations. The AMC shall maintain and preserve its books of account, records and documents for such period as prescribed under the Regulations.
- 30) The AMC and the Sponsor shall ensure that its net worth is maintained as per the Regulation, and in case of any shortfall therein, shall ensure that it is brought back to the levels prescribed under the regulations within the timelines prescribed by SEBI.
- 31) The AMC shall take steps to ensure system-level checks in place to prevent fraudulent transactions including front running by employees, form splitting / mis-selling by distributors etc.
- 32) The board of directors of the AMC shall exercise due diligence as follows:
 - a. The board of directors of the AMC shall ensure before the launch of any scheme that the AMC has-
 - i. systems in place for its back office, dealing room and accounting;
 - ii. appointed all key personnel including fund manager(s) for the scheme(s) and submitted their biodata which shall contain the educational qualifications and past experience in the securities market with the Trustees, within 15 (fifteen days) of their appointment;
 - iii. appointed auditors to audit its accounts;
 - iv. appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by SEBI or the Central Government and for redressal of investors grievances;
 - v. appointed a registrar to an issue and share transfer agent registered under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and laid down parameters for their supervision;
 - vi. prepared a compliance manual and designed internal control mechanisms including

internal audit systems;

- vii. specified norms for the empanelment of brokers and marketing agents;
- viii. obtained, wherever required under SEBI (Mutual Funds) Regulations as amended from time to time, prior in principle approval from the recognized stock exchange(s) where units are proposed to be listed.

b. The board of directors of the AMC shall ensure that –

- i. the AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with specific brokers;
- ii. the AMC has not given any undue or unfair advantage to any associate or dealt with any of the associate of the AMC in any manner detrimental to interest of the unit holders;
- iii. the transactions entered into by the AMC are in accordance with SEBI (Mutual Funds) Regulations, 1996 as amended from time to time. and the respective schemes;
- iv. the transactions of the Mutual Fund are in accordance with the provisions of the trust deed;
- v. the net worth of the AMC are reviewed on a quarterly basis to ensure compliance with the threshold provided in clause (f) of sub regulation (1) of regulation 21 on a continuous basis;
- vi. all service contracts including custody arrangements of the assets and transfer agency of the securities are executed in the interest of the unit holders;
- vii. there is no conflict of interest between the manner of deployment of the net worth of the AMC and the interest of the unit holders;
- viii. the investor complaints received are periodically reviewed and redressed;
- ix. all service providers are holding appropriate registrations with SEBI or with the concerned regulatory authority;
- x. any special developments in the mutual fund are immediately reported to the trustees;
- xi. there has been exercise of due diligence on the reports submitted by the AMC to the trustees;
- xii. has been exercise of due diligence on such matters as may be specified by SEBI from time to time.

33) The compliance officer (appointed under sub-clause (iv) of point 32(a) above) shall independently and immediately report to SEBI any non-compliance observed by him.

34) The AMC shall constitute a Unit Holder Protection Committee in the form and manner and with a mandate as may be specified by SEBI.

35) The AMC shall be responsible for calculation of any income due to be paid to the mutual fund

and also any income received in the Mutual Fund, for the unit holders of any scheme of the mutual fund, in accordance with these regulations and the trust deed.

- 36) The AMC shall ensure that no change in the fundamental attributes of any scheme or the trust, fees and expenses payable or any other change which would modify the scheme and affect the interest of unit holders, shall be carried out unless,—
 - a. a written communication about the proposed change is sent to each unit holder and an advertisement is issued in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated; and
 - b. the unit holders are given an option to exit at the prevailing Net Asset Value without any exit load.
- 37) The AMC shall put in place an institutional mechanism, as may be specified by the SEBI, for the identification and deterrence of potential market abuse including front-running and fraudulent transactions in securities.
- 38) The Chief Executive Officer or Managing Director or such other person of equivalent or analogous rank and Chief Compliance Officer of the AMC shall be responsible and accountable for implementation of such an institutional mechanism for deterrence of potential market abuse, including front running and fraudulent transactions in securities.
- 39) The AMC shall establish, implement and maintain a documented whistle blower policy that shall:
 - a. provide for a confidential channel for employees, directors, trustees, and other stakeholders to raise concerns about suspected fraudulent, unfair or unethical practices, violations of regulatory or legal requirements or governance vulnerability, and
 - b. establish procedures to ensure adequate protection of the whistle blowers.
- 40) The AMC shall conduct stress testing for such schemes as specified by SEBI and disclose the results of the stress testing in the form and manner, as may be specified by SEBI.
- 41) The board of directors of the trustee company and the board of directors of the asset management company, including any of their committees, shall meet at such frequency as may be specified by the SEBI from time to time.
- 42) The AMC shall periodically review the folios of unit holders which do not contain all the KYC attributes / updated KYC attributes and ensure that the AMC takes remedial steps necessary for updating the KYC attributes.

- 43) The AMC shall provide an option of nomination to the unit holders in terms of Regulation 29A of the Regulations.
- 44) The AMC shall follow the accounting policies and standards in accordance with Indian Accounting Standards (IND AS) and any addendum thereto as notified by the Companies (Indian Accounting Standards) Rules, 2015 and Ninth Schedule of the Mutual Fund Regulations and/or such other policies/standards as may be specified by SEBI from time to time, so as to provide appropriate details of the scheme wise disposition of the assets of the Fund at the relevant accounting date and the performance during that period together with information regarding distribution of accumulation of income accruing to the unit holders in a fair and true manner.
- 45) The AMC shall monitor the credit quality of the portfolio of securities and other financial instruments and assets and properties held by the Mutual Fund.
- 46) The AMC shall duly coordinate with any professional firm for third party assurance engaged by the Trustee including but not limited to audit firms, legal firms, merchant bankers etc. pursuant to the Trustee carrying out its non-core responsibilities, as have been specified under the Mutual Fund Regulation.
- 47) Except with the prior approval of the Trustee and if so required, from SEBI in writing, the AMC will ensure that the Fund shall not make or guarantee loans, nor shall they carry out at any time any activity which is in contravention of the Regulations.
- 48) In cases where the Regulations require seeking approval/consent of unit holders for any purpose, the AMC shall adopt any of the following alternative procedures as the AMC on the recommendation of the Trustee considers appropriate in the circumstances:
 - (a) Seeking approval/consent of the unit holders through postal ballot: This would entail seeking positive consent of the unit holders on the specific proposal by sending to the unit holders the necessary mailers and seeking their consent through return post/courier/fax as may be decided by the AMC. The AMC shall comply with the detailed guidelines laid down by the Trustee for the actual conduct and accomplishment of the postal ballot and announcement of its results.
 - (b) The AMC may, with the approval of the Trustee, provide e-voting facility to seek approval from unit holders, in respect of those businesses which are transaction through postal ballot. Such e-voting shall be kept open for such period as specified, for unit holders to send their assent or dissent. The AMC shall continue to enable those unit holders, who do not have access to e-voting facility to send their assent or dissent in writing on a postal ballot pursuant to provisions of applicable laws and amendments thereto;

- (c) Seeking approval of the unit holders present and voting at a meeting to be specifically summoned by the AMC at the appointed day, date, time and venue: A notice convening such meeting shall be sent to the unit holders at least 21 (twenty one) Business days prior to the appointed date setting out the proposals which would be voted on the scheduled meeting. Such notice shall also be published in two daily newspapers having circulation all over India, a vernacular newspaper circulating at the place where the Fund is formed. Voting of unit holders shall be conducted on a show of hand basis and/or on poll basis. The votes shall be counted as per one unit one vote and results shall be published in two daily newspapers having circulation all over India, a vernacular newspaper circulating at the place where the Fund is formed, within 45 (forty five) days from the date of publication of notice convening the meeting. The AMC shall comply with the detailed guidelines laid down by the Trustee for the actual conduct and accomplishment of the voting at a meeting and announcement of its results; and
 - (d) Seeking approval of the unit holders through such other manner as may be determined by the AMC with consultation with the Trustee, from time to time and in accordance with the Regulations
- 49) The designated employees of the AMC shall mandatorily invest in the schemes of the Mutual Fund as per the requirements prescribed under the Regulations.
- a. As per Para 6.10 of the Master Circular on 'Alignment of interest of Designated Employees of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes', as amended via SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/36 on 21st March 2025, SEBI has, inter alia mandated that a minimum slab wise percentage of the salary/ perks/ bonus/ non-cash compensation (gross annual CTC) net of income tax and any statutory contributions (i.e. PF and NPS) of the Designated Employees of the AMCs shall be mandatorily invested in Units of Mutual Fund schemes in which they have a role/oversight.
 - b. The manner for such investments shall be as per Regulation 25 (16B) of MF Regulations and Clause 6.10 of Master Circular as amended from time to time.
 - c. Provided that for Designated Employees managing liquid fund schemes, up to 75 percent of the minimum investment amount required to be invested in liquid fund schemes may be invested in schemes, managed by the AMC, with higher risk as compared to liquid fund schemes. This shall be applicable for Designated Employees associated with only liquid fund scheme and also for Designated Employees associated with other schemes in addition to liquid fund scheme, only with respect to the quantum required to be invested in liquid fund schemes. For this purpose, the risk value based on the risk-o-meter of the immediate preceding month shall be considered.
 - d. In case of retirement on attaining the superannuation age as defined in the AMC service rules, the units shall be released from the lock-in and the Designated Employee shall be free to redeem the units, except for the units in close ended schemes where the units shall

remain locked in till the tenure of the scheme is over. However, on resignation or retirement of the Designated Employee from the AMC before attaining the age of superannuation as defined in the AMC service rules, the lock-in period, for the investments made under Clause 6.10 of the Master Circular, shall be reduced to 1 year from the end of the employment or completion date of 3-year lock-in period, whichever is earlier.

- e. Open Ended Schemes: After the expiry of the mandatory lock-in period, Designated Employee can redeem their units in the Scheme, subject to compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. Such redemption transactions shall also be subject to the restriction on trade in closure period and the requirement of pre-clearance from compliance officer when closure period is not applicable, in terms of Clause 6 of Schedule B1 of SEBI (Prohibition of Insider Trading) Regulations, 2015.
- f. For mandatory subscription/investment in the units of mutual funds under Clause 6.10 of the Master Circular, the requirements specified under Clause 6 of Schedule B1 of SEBI (Prohibition of Insider Trading) Regulations, 2015 shall not be applicable.
- g. Further, Every scheme shall disclose the 'compensation, in aggregate, mandatorily invested in units for the Designated Employees', under the provisions of the Master Circular, on the website of Stock Exchanges. The disclosure shall be at quarterly aggregate level showing the total investment across all relevant employees in a specific scheme. The disclosure shall be made within 15 calendar days from the end of each quarter."

50) Appointment and Agreement with Custodian:

- a. The Mutual Fund shall appoint a Custodian to carry out the custodial services for the schemes of the fund and sent intimation of the same to SEBI within fifteen days of the appointment of the Custodian

Provided that in case of a gold exchange traded fund scheme, the assets of the scheme being gold or gold related instruments may be kept in the custody of a custodian registered with SEBI

Provided further that in case of a silver exchange traded fund scheme, the assets of the scheme being silver or silver related instruments may be kept in the custody of a custodian registered with SEBI

Provided further that in case of a real estate mutual fund scheme, the title deed of real estate assets held by it may be kept in the custody of a custodian registered with SEBI.

Provided further that mutual fund schemes investing in exchange traded commodity derivatives may appoint a custodian to have custody of the underlying goods in case of physical settlement of such contracts

- b. No custodian in which the sponsor or its associates hold 50 per cent or more of the voting rights of the share capital of the custodian or where 50 per cent or more of the directors of the custodian represent the interest of the sponsor or its associates shall act as custodian for a mutual fund constituted by the same sponsor or any of its associates or subsidiary company:

Provided that where the sponsor or its associates hold 50 per cent or more of the voting rights of the share capital of the custodian, such custodian may act as custodian for a mutual fund constituted by the same sponsor or any of its associates or subsidiary company if:

- i. the sponsor has a net worth of at least twenty thousand crore rupees at all points of time;
 - ii. 50 per cent or more of the directors of the custodian are those who do not represent the interest of the sponsor or its associates;
 - iii. the custodian and the asset management company of a mutual fund are not subsidiaries of each other;
 - iv. no person is a director of both the custodian and the asset management company of a mutual fund; and
 - v. the custodian and the AMC of a Mutual Fund sign an undertaking that they will act independently of each other in their dealings with the scheme.
- c. The Mutual Fund shall enter into a custodian agreement with the custodian, which shall contain the clauses which are necessary for the efficient and orderly conduct of the affairs of the custodian:

Provided that the agreement, the service contract, terms and appointment of the custodian shall be entered into with the prior approval of the trustees.

D. Information on Key Personnel of the Asset Management Company

Name & Designation	Age	Qualification	Nature of past experience including assignments held during the last 10 years
Deepak Shenoy Chief Executive Officer	50	PGDM, Banking and Finance from NMIMS	Deepak has extensive leadership experience in the financial services industry, having served as CEO at Capitalmind Asset Management Pvt. Ltd.

		B.E. Computer Engineering from NITK	and as Founder and CEO at Capitalmind Financial Services Pvt. Ltd. In these roles, he has overseen overall business management, marketing, and fund management, while also serving as an AMC Board Associate Director and holding key administrative and signing authority responsibilities. His career demonstrates a proven ability to drive organizational growth and manage complex financial operations
Anoop Vijay Kumar Head of Equity	45	Post Graduate Program in Management, (Indian School of Business) BE - Mumbai University	Anoop has over 20 years of leadership experience across financial services, technology, and consulting. He has led fund management, investment research, and quantitative portfolio strategies at Capitalmind, while mentoring research teams. Previously, he held strategic roles at Microsoft and Honeywell, focusing on cross-business execution and strategic planning, and was a Principal at A.T. Kearney Consulting, driving strategy and operations for major clients
Prateek Jain Head of Fixed Income	36	CFA - (CFA Institute USA), M Com - (Mumbai University), BMS - (Mumbai University)	<p>Prateek Jain, CFA, is an experienced investment professional with a strong background in fixed-income portfolio management and trading. In his previous organisation, Invesco Asset Management, he served as a Fund Manager and Fixed-Income Dealer, overseeing liquid fund and overnight fund as Fund Manager. His responsibilities included duration and asset allocation strategies, yield-curve positioning, daily cash-flow management, and trading.</p> <p>Prior to this, Prateek was a Fixed-Income Dealer at PNB Asset Management Company, where he contributed to debt fund management, executed trades in government securities, corporate bonds, and money-market instruments, and prepared daily portfolio and compliance reports.</p> <p>Earlier in his career, he worked in Fixed-Income</p>

			Origination at Taurus Corporate Advisory Services, managing private placements of debt instruments and institutional client relationships. He also held the role of Risk Officer in Prime Brokerage Services at Edelweiss Capital, gaining valuable experience in risk management and operational processes.
Naganandan R M Head of Compliance	32	CS – ICSI B.Com	Naganandan RM is currently the Head of Compliance at Capitalmind Asset Management Pvt. Ltd., where he leads all compliance responsibilities for the AMC and ensures adherence to regulatory and statutory requirements. In his previous role as Director – Finance and Compliance (and also as Compliance Officer for Portfolio Management Services) at Capitalmind Financial Services Pvt. Ltd., he managed compliance and finance functions for the PMS, overseeing regulatory filings, financial reporting, and internal controls. He also has experience in accounting, audit, and statutory compliance from his earlier role at SVA & Associates, Chartered Accountants. His expertise spans compliance, finance, and audit within the financial services sector.
Shivam Bose Head of Risk	35	PGDBM, Finance and Marketing–XLRI, B Tech–Civil, NIT	Shivam has strong expertise in risk management across financial services and industry. As Head of Risk at Capitalmind Asset Management Pvt. Ltd., he leads risk management functions and reports to the Trustee Board. Previously, at Tata Steel, he managed enterprise risk across corporate finance, treasury, project management, and oversaw risk for corporate services and offshore subsidiaries
Varun Mishra Head of Operations	39	EPGP- MBA, IIM BFTech from NIFT	Varun has significant experience in operations management across financial services and manufacturing. As Head of Operations at Capitalmind Asset Management Pvt. Ltd. and Capitalmind Financial Services Pvt. Ltd., he oversees overall operations for AMC, PMS, and AIF, including vendor management with RTAs and

			custodians. Previously, at SSAL, Raymond Ltd, he managed daily factory operations and led new projects, demonstrating strong expertise in both financial and industrial operational leadership
Nihit Kshatriya* - Head of Investor Relations	36	MBA, Nirma University BE Information Technology, Sardar Patel University	Nihit has a diverse background across research, product management, investor relations, and entrepreneurship. At Capitalmind Asset Management Pvt. Ltd., he manages investor servicing and grievance redressal as Head of Investor Relations. Previously, he led equity research at Capitalmind Research LLP and managed research division products at Capitalmind Financial Services Pvt. Ltd. Nihit has also been an entrepreneur at Prayaas Pharmacy, overseeing business operations, and worked as a data scientist at The Nielsen Company, focusing on market research and analytics
Zayan Shukoor Head of Technology (designated Chief Technology Officer of the AMC)	45	B Tech (TKM College Of Engineering) Kerala University	Zayan is Experienced Software Architect with a demonstrated history of working in product development companies for 20 years. He is skilled in Azure Stack, Microservices, Spring Boot stack, Webservices, Agile Methodologies, DevOps, Containerized workloads, Java and various Architecture Patterns. Zayan's prior roles include senior engineering positions at Dell, Skidata, Centurylink, Symphony, and Cordys, where he led product development, architecture design, and high-performance tech teams. Passionate about scalable systems and strategic tech planning, Zayan bring a deep blend of hands-on technical expertise and executive-level leadership
Omkar Sen Head of Marketing	41	MBA (Marketing, Internet and Data) - Instituto de Empresa, Spain M Sc, Econometrics,	Omkar brings extensive experience in driving topline growth across Southeast Asia. Omkar held leadership roles at Grab, StarHub, and ZENRooms, overseeing full-funnel growth—spanning marketing strategy, CRM, product development, partnerships, and B2B sales. With a track record in digital transformation and revenue acceleration across both B2C and B2B sectors, Omkar excels in

		Finance - University of Calcutta	building lean, high-performing teams and go-to-market frameworks with approach rooted in fairness, cross-functional collaboration, and delivering scalable solutions in matrixed, fast-paced environments.
Prashant Jain Head of Finance	48	ACA B.Com	Prashant has extensive experience in finance and operations, currently serving as Head of Finance at Capitalmind Asset Management Pvt Ltd, where he oversees all financial functions. He has also held CFO roles at Assiduous Commerce Pvt, Instamojo Technologies, and Tracxn Technologies, managing finance along with investor relations and legal responsibilities. Earlier, as Director at Dhruva Advisors LLP and Senior Manager at KPMG and Deloitte, he specialized in tax and regulatory functions, demonstrating strong expertise across finance, compliance, and leadership roles
Kapil Baraskar Head of Information Security (designated CISO of the AMC)	33	Bachelor of Computer Science & Engineering, RGTU University	Kapil has extensive experience in information technology, currently serving as Head of Information Security at Capitalmind Asset Management Pvt. Ltd., where he manages information security using M365 and oversees other IT services. Previously, he worked as a Senior Software Engineer at Capitalmind Financial Services Pvt. Ltd. and Capitalmind Technology, handling cloud infrastructure on AWS and mobile app development. Kapil has also held roles at Happiest Minds Technologies Ltd. as Technical Module Lead, mentoring junior resources, and at Capgemini Technology Services India Ltd. as Associate Consultant, focusing on software development and incident management
Dharshan K M Executive Dealer	26	B.Tech (Mechanical) The National Institute of Engineering, Mysore	Dharshan is currently a Dealer at Capitalmind AMC, where he is responsible for overseeing and executing trading activities. Prior to this, he worked with Geojit Financial Services as an Equity Dealer, managing retail client portfolios, executing equity trades, and ensuring adherence to regulatory frameworks. He began his

			career as a Subject Matter Expert in Economics at SJRE, spending two years developing academic content and providing clarity on complex economic principles.
Nandhakumar K Executive Dealer	23	MBA in Finance Bangalore North University Bachelor of Commerce Bharathidasan University	Nandhakumar K is currently an Executive Dealer at Capitalmind AMC where he is responsible for executing fund managers' orders in compliance with regulatory standards and providing timely updates. Prior to this, he worked as an Equity Dealer at Geojit Financial Services Ltd., managing client trades and offering market insights. With over a year of experience in trading, he specializes in efficient trade execution, regulatory compliance, and delivering reliable market-related guidance.
Pooja Garg Company Secretary	33	C S, ICSI LLM, Jiwaji University	Pooja has extensive experience in company secretarial and compliance functions. She currently serves as Company Secretary at Capitalmind Asset Management Pvt. Ltd., overseeing all secretarial responsibilities. Previously, she was Company Secretary and Legal Compliance Manager at Genworks Health Pvt. Ltd., where she managed legal and secretarial functions. At Address Maker Group, she worked as Senior Compliance Officer, handling group-level secretarial compliances and legal activities for project financing. Earlier, as a Company Secretary Trainee at S. Vishwanathan, she managed secretarial activities for clients, demonstrating strong expertise in corporate governance and compliance management
Thippesha BS Head of Human Resources	44	MSW - Master of Social works (HR)	Thippesha BS has over 16 years and 10 months of experience in human resources management. He is currently Head - Human Resources at Capitalmind Mutual Fund, a role he assumed in December 2024. Before joining Capitalmind, Thippesha was Senior Manager - People Operations at MoEngage, where he managed HR processes and policies for over two and a half

			<p>years. He also held the position of Senior Manager – Human Resources at Relevance Lab for more than three and a half years, overseeing HR operations and employee engagement. Earlier in his career, Thippesha worked at CIBER for over 10 years as Manager – Human Resources, gaining experience in talent management, compliance, and HR administration. His expertise spans employee relations, HR strategy, performance management, and organizational development across the IT and financial services sectors.</p>
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*Not based in the registered / corporate office of the AMC

E. Procedure & Recording of Investment Decision

- 1) The AMC has put in place an Investment Policy which provides a framework for undertaking investments for various Schemes managed by the AMC. The Investment Policy prescribes framework for undertaking investments in equity, fixed income securities and such other securities as specified in the SID of the respective Schemes and as permitted by SEBI from time to time.s
- 2) The Fund Manager of the concerned Scheme(s) shall be responsible for making and managing the investments schemes and ensure that the investments comply with applicable regulatory limits, requirements and internal norms. Investment decisions taken by the Fund Manager shall be guided by the framework prescribed in the Investment Policy. Research Reports shall be prepared for undertaking investments in various securities. The Fund Manager shall be responsible for performance of the scheme(s).
- 3) Investment decisions taken for various Scheme(s) shall be recorded in accordance with the requirements prescribed in the Regulations and applicable circulars/guidelines. Reasons for buying/selling individual stocks will be recorded in any Order Management System (OMS) / Front Office System at the time of entry of each trade supplemented by a small comment explaining the rationale for that trade
- 4) The AMC shall lay down parameters and procedures for taking investment decisions, broaden investment policy for the Scheme(s), review the policy and review the portfolio and performance of the Scheme(s). The Committee may set and periodically review appropriate internal limits or norms applicable to aspects such as industry allocation, asset allocation, cash level, market capitalization, and stock and sector deviation for each Mutual Fund Scheme.

- 5) The AMC has appointed an Investment Committee (IC). The Investment committee comprises of Chief Executive Officer, Head of Equity, Head of Debt, Fund Managers, Head of Compliance, Head of Risk and Head of Operations. The Investment Committee shall meet periodically and shall undertake review of fund management activities including Scheme(s) performance, portfolio of the scheme(s), asset allocation etc.
- 6) The Investment Committee will approve, investable universe in case of equity and credit universe in case of fixed income.
 - a. In case of equity, stock selection will be based on various criteria but not limited to business fundamentals, management quality, valuations, stock liquidity, benchmark weight etc. The Investment Team will prepare / maintain investment case / research report for companies which form part of the portfolios of the equity schemes. If a company undergoes change in either business fundamentals or its management for worse, it will be excluded from the investable universe.
 - b. In case of fixed income, a portfolio, comprising of securities from the credit universe, is created to achieve the investment objective as mentioned in the Scheme(s) SID. An Internal credit call is a pre-requisite for all investments. Investment decisions should take the ratings from external sources as preference.
 - c. In case of equity, a research report, not more than 6 months old, will be made before taking any decision to invest in a company/issuer for the first time.
- 7) The day-to-day investment management decision will be taken by fund managers of the respective Scheme(s). The Investment Committee would monitor the risk parameters in each Scheme to ensure that the investment limits are properly observed. Further, Investment Committee may from time to time define internal norms for the Scheme(s).
- 8) Chief Executive Officer is not involved in the investment decision making process. The role of the Chief Executive Officer of the AMC is to ensure that due diligence is exercised while making investment decisions, the process and procedure are followed in accordance with policies, mechanism etc. laid down by the Board of Directors and are in the best interests of the unit holders.
- 9) Review of Scheme(s) performance will also be undertaken by the Board of Directors of AMC and Trustee Company in the Board Meeting. Scheme(s) performance will also be compared with the respective Scheme(s) benchmark.
- 10) The AMC shall ensure that all investment decisions are taken in the interest of the unit holders

of the Scheme(s) and in compliance with the Regulations and various circulars, guidelines etc issues from time to time pertaining to investments.

F. Risk Management Function

The Risk Management Function is driven by Master Circular, which lays down broad framework for Risk Management which includes:

- Governance and Organization,
- Identification of Risks, and
- Measurement and Management of Risks

Reporting of Risks

The AMC will manage the risk management Function through:

- Board appointed Risk Management Committee (RMC) of AMC; and
- Board appointed Risk Management Committee (RMC) of Trustee

III. SERVICE PROVIDERS

1) Custodian:
<p>Deutsche Bank AG (SEBI Registration Number: IN/CUS/003) Deutsche Bank House Hazarimal Somani Marg, Fort, Mumbai – 400001, Maharashtra, India</p> <p>The Trustee has appointed ‘Deutsche Bank AG’ as a Custodian to the Schemes of Capitalmind Mutual Fund. The Custodian is SEBI approved Custodian. The Custodian shall hold the custody and possession of Securities and investments of the Fund and will discharge all the functions as are ordinarily discharged by a Custodian.</p> <p>The Trustee reserves the right to change the Custodian, if required. The Custodian would be entitled to remuneration for their services in accordance with the terms of the Custodian Agreements.</p>
2) Registrar and Transfer Agent
<p>KFIN Technologies Limited SEBI Registration - INR0000000221 Address – Selenium Building, Tower-B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, R. R. District, Telangana 500032</p>

The Board of the AMC and the Trustee have satisfied themselves that KFinTech has the adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to Unit holders within the time limit prescribed in the SEBI Regulations and has sufficient capacity to handle Investor complaints. As Registrars to the Schemes, KFinTech will handle communications with Investors, perform data entry services and dispatch account statements.

3) Statutory Auditor for Mutual Fund

M/s Chokshi & Chokshi
Ground Floor, Hospital, B, 15 / 17, Raghavji Rd,
off Kemps Corner, near Cumballa Hill,
Gowalia Tank, Tardeo,
Mumbai, Maharashtra 400036

4) Legal Counsel

There is no retained legal counsel to the Mutual Fund or AMC. The AMC will appoint experienced and renowned legal counsel on case-to-case basis, as and when required depending upon the subject matter.

5) Fund Accountant

Deutsche Bank AG
Deutsche Bank House
Hazarimal Somani Marg, Fort, Mumbai – 400001,
Maharashtra, India

6) Collecting Bankers

HDFC Bank Limited
SEBI Registration - INBI000000063
HDFC Bank House, Senapati Bapat Marg,
Lower Parel(W), Mumbai 400 013

ICICI Bank Limited
SEBI Registration – INBI000000004
ICICI Bank, ICICI Centre, 163,
H.T. Parekh Marg, Backbay Reclamation, Churchgate,
Mumbai – 400020

Axis Bank
SEBI Registration – INBI000000017
Jeevan Prakash Building, Mezzanine Floor,
Sir PM Road, Fort, Mumbai – 400001

Kotak Mahindra Bank Limited

SEBI Registration – INBI000000927

Kotak Bank, C-12, G Block

University of Mumbai, Vidya Nagari, Bandra Kurla Complex,
Bandra (East), Mumbai - 400051

Investors can visit website URL of the Mutual Fund (<http://capitalmindmf.com>) for updated list of Collection Bankers to the schemes of the Fund. The above list of Collecting Banker is indicative and not exhaustive. The AMC reserves the right to change/modify the list of collecting bankers and appoint other banks as collecting bankers from time to time subject to such banks being registered with SEBI as Collecting Bankers.

IV. CONDENSED FINANCIAL INFORMATION

The AMC has not completed one year from the launch of Scheme(s), Hence the information required as below is Not Applicable.

Historical as per Unit Statistics	Scheme Name		
	2024-25	2023-24	2022-23
NAV at the beginning of the Year (as on April 1)	NA	NA	NA
Dividends*	NA	NA	NA
NAV at the end of the year (as on March 31)	NA	NA	NA
Annualized Return**	NA	NA	NA
Net Assets end of the period (INR Crs.)	NA	NA	NA
Ratio of recurring expenses to net assets	NA	NA	NA

*Excluding dividend details of liquid scheme.

** Only for growth option

V. RISK FACTORS

A. Standard Risk Factors

1) Standard Risk Factors for investments in Mutual Fund

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the Scheme may go up or down.
- Mutual Fund investments are subject to market risks, read all scheme-related documents carefully.
- Mutual Funds and securities investments are subject to market risks and there can be no assurance and no guarantee that the Scheme will achieve its objective.
- As with any investment in stocks, shares and securities, the NAV of the Units under the Scheme can go up or down, depending on the factors and forces affecting capital

markets, in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in Government policies, taxation, political, economic or other development and increased volatility in the stock and bond market.

- Past performance of the Schemes, the Sponsors or its Group / Affiliates / AMC / Mutual Fund is not indicative of and does not guarantee the future performance of the Scheme.
- Investment in equity and equity related securities including option contracts involve high degree of risks and investors should not invest in the schemes unless they can afford to take the risk of losing their investment.
- The Sponsor is not responsible or liable for any loss resulting from the operations of the Scheme beyond the initial contribution of INR 1 lakh made by them towards setting up of the Mutual Fund.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme, its future prospects or the returns. Investors therefore are urged to study the terms of the offer carefully and consult their Tax and Investment Advisor before they invest in the/any Scheme.
- Growth, appreciation, IDCW and income, if any, referred to in the SID are subject to the tax laws and other fiscal enactments as they exist from time to time.
- The NAVs of the Scheme may be affected by changes in the general market conditions, factors and forces affecting capital market, in particular, level of interest rates, various market-related factors, trading volumes, settlement periods and transfer procedures.
- IDCW, if any are/will be subject to the availability of distributable surplus of the Scheme.
- Investment decisions made by the AMC may not always be profitable.

Additional Risks:

- 1) **Cybersecurity Risk:** The Scheme(s) are susceptible to operational, information security and related “cyber” risks both directly and through external stakeholders. Similar types of cybersecurity risks are also present for issuers of securities in which the Scheme invests, which could result in material adverse consequences for such issuers and may cause the Scheme’s investment in such issuers to lose value. In general, cyber incidents can result

from deliberate attacks or unintentional events. Cyber incidents include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Geopolitical tensions may increase the scale and sophistication of deliberate attacks, particularly those from nation states or from entities with nation-state backing. Cybersecurity failures by, or breaches of, the systems of the external stakeholders (including, but not limited to, index and benchmark providers, fund accountants, custodians, RTA, etc.), have the ability to cause disruptions and impact business operations.

While there may be business continuity plans and risk management systems to prevent such cyber incidents, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified, that prevention and remediation efforts will not be successful or that cyberattacks will go undetected.

2) **Additional Geopolitical Risk Factors for investors**

- **Political Risk:** Political risk refers to the potential adverse effects on the returns of investments by political changes within a country’s political structure, instability in its political climate or corrupt practices. Any changes in the govt regulations and policies could also affect the returns from the investments. Action or inaction of any of the Government, central or state or local, may have significant impact on the Indian economy, which could affect companies, general business and market conditions, prices and yields of securities in which the scheme(s) invest. The occurrence of external tension could also affect the political and economic stability of India and consequently have an impact on securities invested.
- **Economic Risk** A slowdown in economic growth or macroeconomic imbalances such as the increase in central and state level fiscal deficits may adversely affect investment in the country. The underlying growth in the economy is expected to have a direct impact on the volume of new investments in the country.
- **Foreign Currency Risk:** The Schemes of The Mutual Fund is dominated in Indian Rupees (INR) only. The INR value when converted into any foreign currency by overseas investors could be lower on account of currency movements. In the event of capital and exchange controls are imposed by the government authorities, it would prevent foreign investor’s ability to convert INR into foreign currency and /or transfer outside India. The

convertibility and transferability of INR proceeds into their home currency is the sole responsibility of the foreign investors. The AMC does not manage currency risk for foreign investors and it is the sole responsibility of the foreign investor to manage or reduce currency risk on their own. The Sponsor/Fund/Trustee/AMC are not liable for any loss arising to the foreign investors from such currency risks.

3) Risk of substantial redemption

- The Scheme(s), at times, may receive large number of redemption requests leading to asset-liability mismatch and the fund manager would be required to effect distress sale of the securities leading to lower realization of profits, realignment of the portfolio and thus consequentially resulting in investing lower yielding instructions.
- Further, the liquidity of investments in the Scheme(s) may be restricted by trading volumes and settlement periods. Settlement may be extended significantly by unforeseen circumstances beyond the influence of the AMC. The inability of the Scheme(s) to sell intended securities due to liquidity and settlement problems, could thus cause delays for processing the large number of redemption requests.
- The Trustee, in the general interest of the Unit holders of the Scheme(s) offered under SID and keeping in view of the unforeseen circumstances/unusual conditions, may limit the total number of units which can be redeemed on any Business Day depending on the total saleable securities in the Scheme(s).

4) Risk Factors of not maintaining average AUM of INR 20 Crores on half yearly rolling basis (Applicable only for open ended debt-oriented schemes)

As per clause 6.12.2.2 of SEBI Master Circular for Mutual Funds an average AUM of 20 crore on half yearly rolling basis shall be maintained for open ended debt-oriented schemes. In case the average AUM of the open-ended debt-oriented schemes falls below the above stipulated amount, the AMC shall scale up the AUM of such scheme within a period of six months so as to comply with the above requirement, failing which the provisions of Regulation 39 (2 c) of the Regulations would become applicable.

5) Risk associated with schemes investing in Equity and Equity related securities

- The Scheme(s) proposes to invest in equity and equity related instruments. Equity instruments by nature are volatile and prone to price fluctuations on a daily basis due to both micro and macro factors. The value of Equity and Equity related instruments may

fluctuate due to factors affecting securities market such as volume and volatility in equity markets, interest rates, currency exchange rates, changes in law/policies of the Government, taxation laws, political, economic or other developments, general decline in the Indian Markets which may have an adverse impact on individual securities, a specific sector or all sectors. Consequently, the NAVs of the Units issued under the Scheme may be adversely affected.

- Investments in equity shares and equity related instruments involve a degree of risk and investors should not invest in the Scheme(s) unless they can afford to take the risks.
- Investors may note that AMC/Fund Manager's investment decisions may not be always profitable. Although it is intended to generate capital appreciation and maximize the returns by actively investing in equity/ equity related securities and utilising debt and money market instruments as a defensive investment strategy.
- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. and may lead to the Scheme incurring losses till the security is finally sold.
- Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme(s). Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The NAV of the Scheme(s) can go up and down because of various factors that affect the capital markets in general.
- Securities which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges
- The Mutual Fund may not be able to sell securities, which can lead to temporary illiquidity. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to be collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.
- Investors may note that dividend is due only when declared and there is no assurance that a company (even though it may have a track record of payment of dividend in the

past) may continue paying dividend in future. As such, the Scheme is vulnerable to instances where investments in securities may not earn dividend or where lesser dividend is declared by a company in subsequent years in which investments are made by scheme. As the profitability of companies are likely to vary and have a material bearing on their ability to declare and pay dividend, the performance of the Scheme(s) may be adversely affected due to such factors.

- The Fund manager endeavours to generate returns based on certain past statistical trend. The performance of the Scheme(s) may get affected if there is a change in the said trend. There can be no assurance that such historical trends would continue.
- In case of abnormal circumstances, it will be difficult to complete the square off transaction due to liquidity being poor in stock futures/spot market. However, the Scheme(s) will aim to take exposure only into liquid stocks where there will be minimal risk to square off the transaction.
- Changes in Government policy in general and changes in tax benefits applicable to mutual funds may impact the returns to investors in the Scheme(s) or business prospects of the Company in any particular sector.
- Further, the volatility of medium / small - capitalization stocks may be higher in comparison to liquid large capitalization stocks

6) Risk associated with schemes investing in Fixed Income / Money Market Instruments:

- **Market Risk:** The NAV of the Scheme(s), to the extent invested in Debt and Money Market securities, will be affected by changes in the general level of interest rates. The NAV of the Scheme(s) is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates.
- **Interest-Rate Risk:** Fixed income securities and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest, credit quality, demand and supply. However, in case of Government securities credit risk remains zero, their prices are influenced by the movement in interest rates in the financial system. In case of floating rate instruments, an additional risk could arise because of changes in spreads of

floating rate instruments. With increase in spread of floating rate instruments, the price can fall and with decrease in spread of floating rate instruments, the prices can rise. Moreover, the floating rate instruments having a periodical interest rate reset carry lower interest rate risk compared to a fixed rate debt security. However, in the falling interest rate scenario, the returns on floating rate debt instruments may not be better than those on fixed rate debt instruments.

- **Credit Risk:** This risk means that the issuer of a debenture/bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer/instrument goes down. Different types of securities in which the scheme(s) would invest as given in the scheme information document carry different levels and types of risk. Accordingly, the scheme's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.
- **Re-investment Risk:** This refers to the interest rate risk at which the intermediate cash flows received from the securities in the Scheme including maturity proceeds are reinvested. Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the debt security. Consequently, the proceeds may get invested at a lower rate.
- **Basis Risk:** During the life of a floating rate security or a swap, the underlying benchmark index may become less active and may not capture the actual movement in interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio.
- **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.
- **Price Risk:** Government securities where a fixed return is offered run price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of

fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. The new level of interest rate is determined by the rates at which government raises new money and/or the price levels at which the market is already dealing in existing securities. This risk is not unique to Government Securities. It exists for all fixed income securities. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system.

- **Regulatory Risk:** Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the scheme.
- **Liquidity Risk:** The liquidity of a bond may change, depending on market conditions leading to changes in the liquidity premium attached to the price of the bond. At the time of selling the security, the security can become illiquid, leading to loss in value of the portfolio. The liquidity of a bond may change, depending on market conditions leading to changes in the liquidity premium attached to the price of the bond. At the time of selling the security, the security can become illiquid, leading to loss in value of the portfolio.
- **Settlement Risk:** Fixed income securities run the risk of settlement which can adversely affect the ability of the fund house to swiftly execute trading strategies which can lead to adverse movements in NAV.
- **Risks associated with investment in unlisted fixed income securities:** Subject to applicable Regulations, the Scheme(s) can invest in unlisted securities. These securities are subject to greater price fluctuations, less liquidity and greater risk than the listed securities. Except for any security of an associate or group company, the Scheme(s) has the power to invest in securities which are not listed on a stock exchange ("unlisted Securities") which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market and there can be no assurance that the Scheme will realise their investments in unlisted securities at a fair value.
- **Counterparty Risk:** This is the risk of failure of counterparty to a transaction to deliver securities against consideration received or to pay consideration against securities delivered, in full or in part or as per the agreed specification. There could be losses to the Scheme(s) in case of a counterparty default.

- **Duration Risk:** Duration risk refers to the movement in price of the underlying invested money market / debt instruments due to movement/change in interest rates over different durations of maturity of instruments. In a portfolio of debt assets, the duration risk is measured by the average duration of the portfolio. Duration, expressed in years, is used as a measure of the sensitivity of the fixed income instrument to a change in interest rates. Usually, individual duration of fixed income instruments in the portfolio is calculated and the portfolio duration is weighted average of such individual instrument duration. A longer portfolio duration is associated with greater price fluctuations. A rise in interest rates could normally lead to decrease in prices and generally negatively affects portfolios having longer duration vis-à-vis portfolios having shorter duration. A fall in interest rate generally benefits portfolio having longer duration. A longer duration portfolio is also generally associated with greater volatility vis-a-vis a shorter duration portfolio.
- **Sovereign Risk:** Sovereign risk is the likelihood that a Government will default on its loan obligation by failing to meet its principal payments or interest. It comes in different forms and may result in losses to investors in addition to negative political consequences. The Central Government of a country is the issuer of the local currency in that country. The Government (Central / State) raises money to meet its capital and revenue expenditure by issuing debt or discounted securities. Since payment of interest and principal amount has a sovereign status implying no default, such securities are known as securities with sovereign credit. For domestic borrowers and lenders, the credit risk on such sovereign credit is minimal, even lower than a security with “AAA” rating and hence commands a yield, which is lower than a yield on “AAA” security.
- **Other Risks associated with Debt and Money Market Instruments**
 - Different types of fixed income securities in which the scheme would invest as given in the SID carry different levels and types of risk. Accordingly, the Scheme(s) risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher level of risk than Government securities. Further even among corporate bonds, bonds, which are AAA rated, are comparatively less risky than bonds, which are AA rated. AA rated corporate bonds are comparatively less risky when compared with A rated corporate bonds.
 - The AMC may, considering the overall level of risk of the portfolio, invest in lower rated securities offering higher yields as well as zero coupon securities

that offer attractive yields. This may increase the absolute level of risk of the portfolio.

- As zero-coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates. Therefore, the interest rate risk of zero-coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.
- The Scheme(s) at times may receive large number of redemption requests leading to an asset-liability mismatch and therefore requiring the AMC to make a distress sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments. In the life of the security, this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.

7) Risk factors associated with investing in Preference Shares:

- **Credit Risk:** Investments in preference shares are subject to the risk of an issuer's inability to meet dividend and redemption by the issuer. Further, for non-cumulative preference shares, issuer also has an option to not pay dividend on preference shares in case of inadequate profits in any year.
- **Liquidity Risk:** Preference shares lack a well-developed secondary market, which may restrict the selling ability of the Scheme(s) and may lead to the Scheme(s) incurring losses till the security is finally sold.
- **Unsecured in nature:** Preference shares are unsecured in nature and rank lower than secured and unsecured debt in hierarchy of payments in case of liquidation. Thus, there is significant risk of capital erosion in case the company goes into liquidation.
- **Market Risk:** The Scheme(s) will be vulnerable to movements in the prices of securities invested by the Scheme(s) which could have a material bearing on the overall returns from the Scheme(s).

8) Risk associated with investing in foreign securities:

Subject to necessary approvals and within the investment objectives of the Scheme(s), the Scheme(s) may invest in overseas markets which carry risks related to fluctuations in the foreign exchange rates, the nature of the securities market of the country, repatriation of capital due to exchange controls and political circumstances.

Since the Scheme(s) may invest only partially in foreign securities, there may not be readily available and widely accepted benchmarks to measure performance of such Scheme(s). To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management and hedging and portfolio rebalancing and in accordance with conditions as may be stipulated under the Regulations and by RBI from time to time.

Investment in Foreign Securities involves a currency risk. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

Overseas Investments need to follow limits as mandated by SEBI and/or RBI from time to time. As per Para 12.19 of Master Circular, Mutual Fund can make overseas investment subject to a maximum of USD 1 Billion, within the overall industry limit of USD 7 Billion. Further, USD 50 million is reserved for each mutual fund individually within the overall industry limit of USD 7 billion.

Additionally, Mutual funds can make overseas investments in Exchange Traded Funds (ETFs) subject to maximum of USD 300 million per Mutual Fund, within the overall industry limit of USD 1 billion.

As and when the limits are reached, Mutual Fund will not be able to invest in overseas securities / will not be able to do incremental overseas investment, unless such limit is increased, or further directions is received from SEBI or RBI in this regard.

9) Risk associated with different derivative strategies: AMC may use various derivative instruments, from time to time, in an attempt to protect or hedge the portfolio values.

- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investors. Execution of such strategies depends upon the ability of the Fund Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Fund Manager involve uncertainty and

decision of Fund Manager may not always be profitable. No assurance can be given that the Fund Manager will be able to identify or execute such strategies.

- Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative add to the portfolio and the ability to forecast price of securities being hedged and interest rate movements correctly.
- The schemes may invest in floating rate instruments and / or interest rate derivatives. The duration of these instruments is linked to the interest rate reset period. The interest rate risk in a floating rate instrument or in a fixed rate instrument hedged with derivatives is likely to be less than that in an equivalent maturity fixed rate instrument. Under some market circumstances the volatility may be of an order greater than what may ordinarily be expected considering only its duration. Hence investors are recommended to consider the unadjusted portfolio maturity of the Scheme(s) as well and exercise adequate due diligence when deciding to make their investments.
- The risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and the potential high volatility of the futures markets.
- The risks associated with the use of derivatives are different from or possibly greater than the risks associated with investing directly in securities and other traditional investments. Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks.
- **Valuation Risk:** Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- **Execution Risk:** The Scheme may face execution risk, whereby the rates seen on the screen may not be the rate at which the ultimate execution of the derivative transaction takes place. The Scheme may find it difficult or impossible to execute derivative transactions in certain circumstances. For example, when there are insufficient bids or suspension of trading due to price limit or circuit breakers, the Scheme may face a liquidity issue. The Scheme bears a risk that it may not be able to correctly forecast

future market trends or the value of assets, indices or other financial or economic factors in establishing derivative positions for the Scheme.

- **Counterparty Risk:** There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the “**counter party**”) to comply with the terms of the derivatives contract. The counter party may default on a transaction before settlement and therefore, the Scheme(s) is compelled to negotiate with another counterparty at the then prevailing (possibly unfavourable) market price.
- **Basis Risk:** Where derivatives are used for hedging, such use may involve a basic risk where the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risk may be interrelated also e.g., interest rate movements can affect equity prices, which could influence specific issuer/industry assets.

Risks specific to certain derivative strategies are highlighted below:

i) Risk Factors of SWAP/Forward Rate Agreement (FRAs)

- **Credit Risk:** The credit risk in derivative transaction is the risk that the counter party will default on its obligations and is generally low, as there is no exchange of principal amounts in a derivative transaction.
- **Market Risk:** Market movements may adversely affect the pricing and settlement of derivatives.

Illiquidity Risk: This is the risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market.

ii) Interest Rate Futures (IRF):

An Interest Rate Futures is an agreement to buy or sell a debt instruments at a specified future date at a price that is fixed today. Interest Rate Futures are Exchange Traded and are cash settled. Hedging using Interest Rate Futures can be perfect or imperfect. Perfect hedging means hedging the underlying using IRF contract of same underlying.

- a) **Market risk:** Derivatives carry the risk of adverse changes in the market price.
- b) **Price Risk-** The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

- c) Liquidity risk – This occurs where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.
- d) Model Risk – The risk of mispricing or improper valuation of derivatives.
- e) Basis Risk – This risk arises when the instrument used as a hedge does not match the movement in the instrument/ underlying asset being hedged.

The risks may be inter-related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets. Correlation weakening and consequent risk of regulatory breach: SEBI Regulations mandates minimum correlation criterion of 0.9 (calculated on a 90-day basis) between the portfolio being hedged and the derivative instrument used for hedging. In cases where the correlation falls below 0.9, a rebalancing period of 5 (five) Business Days has been permitted. Inability to satisfy this requirement to restore the correlation level to the stipulated level, within the stipulated period, due to difficulties in rebalancing would lead to a lapse of the exemption in gross exposure computation. The entire derivative exposure would then need to be included in gross exposure, which may result in gross exposure in excess of 100% of net asset value.

iii) Risk pertaining to covered call strategy:

- The risk associated with covered calls is the loss of upside, i.e. if the shares are assigned (called away), the option seller forgoes any share price appreciation above the option strike price.
- The Scheme(s) may write covered call option only in case it has adequate number of underlying equity shares as per regulatory requirement. This would lead to setting aside a portion of investment in underlying equity shares. If covered call options are sold to the maximum extent allowed by regulatory authority, the scheme may not be able to sell the underlying equity shares immediately if the view changes to sell and exit the stock. The covered call options need to be unwound before the stock positions can be liquidated. This may lead to a loss of opportunity or can cause exit issues if the strike price at which the call option contracts have been written become illiquid. Hence, the scheme may not be able to sell the underlying equity shares, which can lead to temporary illiquidity of the underlying equity shares and result in loss of opportunity.
- The writing of covered call option would lead to loss of opportunity due to appreciation in value of the underlying equity shares. Hence, when the appreciation in equity share price is more than the option premium received the Scheme(s) would be at a loss.

iv) Risk pertaining to Basic Structure of an Index Future: Risks associated with index future strategy:

- The strategy of taking a long position in index futures increases the exposure to the market. The long position is positively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not provide gains perfectly aligned to the movement in the index.
- The long position will have as much loss/gain as in the Underlying Index. e.g. if the index appreciates by 10%, the index future value rises by 10%. However, this is true only for futures contracts held till maturity. In the event that a futures contract is closed out before its expiry, the quoted price of the futures contract may be different from the gain/loss due to the movement of the Underlying Index. This is called the basis risk.
- While futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time, for the Scheme to purchase or close out a specific futures contract.

v) Risk pertaining to strategy of Downside Protection Using Stock Put:

- There can be no assurance that ready liquidity would exist at all points in time, for the Scheme(s) to purchase or close out a specific options contract.
- A hedging strategy using Put Options is a perfect hedge on the expiration date of the put option. On other days, there may be (temporary) imperfect correlation between the share price and the put option.

vi) Risk pertaining to using Call option on Index to increase percentage investment in equities:

- The strategy of taking a long position in index call option increases the exposure to the market. The long position is positively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not provide gains perfectly aligned to the movement in the index.
- The risk/downside, if the market falls/remains flat is only limited to the option premium paid.

- The long position will have as much loss/gain as in the Underlying Index. For e.g. if the index appreciates by 10%, the index options value rises by 10%. However, this is true only for options held till maturity.
- While option markets are typically less liquid than the underlying cash market, hence there can be no assurance that ready liquidity would exist at all points in time, for the Scheme(s) to purchase or close out a specific contract.

vii) Risk pertaining to using Put option on Index to minimize downside in equities:

- The strategy of taking a long position in index put option hedges a portfolio of long only stocks/funds against potential markets falls. The long position in the put option is negatively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not provide gains perfectly aligned to the movement in the index.
- The risk/downside, if the index remains above the strike price is only limited to the option premium paid. The premium paid is the maximum downside to the portfolio. There is positive return in the put strategy only if the index falls below the strike price.
- The long position will have as much loss/gain as the reverse of the Underlying Index. For e.g. if the index depreciates by 10%, the index options value rises by 10%. However, this is true only for options held till maturity.
- While option markets are typically less liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time, for the Scheme to purchase or close out a specific contract

10) Risks associated with Repo Transactions in Corporate Debt Securities

Lending transactions: The scheme may be exposed to counterparty risk in case of repo lending transactions in the event of the counterparty failing to honor the repurchase agreement. However, in repo lending transactions, the collateral may be sold, and a loss is realized only if the sale price is less than the repo amount. The risk may be further mitigated through over-collateralization (the value of the collateral being more than the repo amount). Further, the liquidation of underlying securities in case of counterparty default would depend on liquidity of the securities and market conditions at that time. It

is endeavored to mitigate the risk by following an appropriate counterparty selection process, which includes their credit profile evaluation and over-collateralization to cushion the impact of market risk on sale of underlying security. Collateral risk also arises when the market value of the securities is inadequate to meet the repo obligations or there is downward migration in rating of collateral. Further if the rating of collateral goes below the minimum required rating during the term of repo or collateral becomes ineligible for any reason, counterparty will be expected to substitute the collateral. In case of failure to do so, the AMC / Scheme will explore the option for early termination of the trade.

Borrowing transactions: In the event of the Scheme being unable to pay back the money to the counterparty as contracted, the counterparty may dispose of the assets (as they have sufficient margin). This risk is normally mitigated by better cash flow planning to take care of such repayments. Further, there is also a Credit Risk that the Counterparty may fail to return the security or Interest received on due date. It is endeavored to mitigate the risk by following an appropriate counterparty selection process, which includes their credit profile evaluation.

11) Risks associated with investing in securitized debt:

The Scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage-backed securities (MBS). Asset Backed Securities (ABS) are securitized debts where the underlying assets are receivables arising from various loans including automobile loans, personal loans, loans against consumer durables, etc. Mortgage-backed securities (MBS) are securitized debts where the underlying assets are receivables arising from loans backed by mortgage of residential / commercial properties. ABS/MBS instruments reflect the undivided interest in the underlying pool of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. If the delinquencies and credit losses in the underlying pool exceed the credit enhancement provided, ABS/MBS holders will suffer credit losses. ABS/MBS are also normally exposed to a higher level of reinvestment risk as compared to the normal corporate or sovereign debt.

Different types of Securitised Debts in which the Scheme would invest carry different levels and types of risks. Accordingly, the Scheme's risk may increase or decrease depending upon its investments in Securitised Debts. E.g. AAA securitised bonds will have low Credit Risk than AA securitised bond. Credit Risk on Securitised Bonds may also depend upon the Originator, if the Bonds are issued with Recourse to Originator. A Bond with recourse will have a lower Credit Risk than a Bond without recourse. Underlying assets in Securitised Debt may be the receivables from Auto Finance, Credit Cards, Home Loans or any such

receipts. Credit risk relating to these types of receivables depends upon various factors including macro-economic factors of these industries and economies. To be more specific, factors like nature and adequacy of property mortgaged against these borrowings, loan agreement, mortgage deed in case of Home Loan, adequacy of documentation in case of Auto Finance and Home Loan, capacity of borrower to meet its obligation on borrowings in case of Credit Cards and intentions of the borrower influence the risks relating to the assets (borrowings) underlying the Securitised Debts. Holders of Securitised Assets may have Low Credit Risk with Diversified Retail Base on Underlying Assets, especially when Securitised Assets are created by High Credit Rated Tranches. Risk profiles of Planned Amortisation Class Tranches (PAC), Principal Only Class Tranches (PO) and Interest Only Class Tranches (IO) will also differ, depending upon the interest rate movement and Speed of Pre-payments. A change in market interest rates/prepayments may not change the absolute amount of receivables for the investors but affects the reinvestment of the periodic cashflows that the investor receives in the securitised paper.

Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Seller may repossess and sell the underlying Asset. However, many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor. At present in Indian market, following types of loans are securitised:

- Auto Loans (cars / commercial vehicles /two wheelers)
- Residential Mortgages or Housing Loans
- Consumer Durable Loans
- Personal Loans
- Corporates Loans

The main risks pertaining to each of the asset classes above are described below:

- **Auto Loans (cars / commercial vehicles /two wheelers):** The underlying assets (cars etc) are susceptible to depreciation in value whereas the loans are given at high loan to value ratios. Thus, after a few months, the value of asset becomes lower than the loan outstanding. The borrowers, therefore, may sometimes tend to default on loans and allow the vehicle to be repossessed. These loans are also subject to model risk. i.e. if a particular automobile model does not become popular, loans given for financing that model have a much higher likelihood of turning bad. In such cases, loss on sale of repossession vehicles is higher than usual.

Commercial vehicle loans are susceptible to the cyclical nature in the economy. In a downturn in economy, freight rates drop leading to higher defaults in commercial vehicle loans. Further, the second-hand prices of these vehicles also decline in such economic environment.

- **Housing Loans:** Housing loans in India have shown very low default rates historically. However, in recent years, loans have been given at high loan to value ratios and to a much younger borrower class. The loans have not yet gone through the full economic cycle and have not yet seen a period of declining property prices. Thus, the performance of these housing loans is yet to be tested, and it need not conform to the historical experience of low default rates.
- **Consumer Durable Loans:** The underlying security for such loans is easily transferable without the bank's knowledge and hence repossession is difficult. The underlying security for such loans is also susceptible to quick depreciation in value. This gives the borrowers a high incentive to default.
- **Personal Loans:** These are unsecured loans. In case of a default, the bank has no security to fall back on. The lender has no control over how the borrower has used the borrowed money. All the above loans are retail, relatively small value loans. There is a possibility that the borrower takes different loans using the same income proof and thus the income is not sufficient to meet the debt service obligations of all these loans.

In India, there is insufficiency of ready comprehensive and complete database regarding past credit record of borrowers. Thus, loans may be given to borrowers with poor credit record. In retail loans, the risks due to frauds are high.

- **Corporate Loans:** These are loans given to single or multiple corporates. The receivables from a pool of loans to corporate are assigned to a trust that issues Pass Through

Certificates (PTC) in turn. The credit risk in such PTCs is on the underlying pool of loans to corporates. The credit risk of the underlying loans to the corporates would in turn depend on economic cycles. The rating agencies define margins, over collateralization and guarantees to bring risk in line with similar AAA rated securities. The factors typically analyzed for any pool are as follows:

- **Assets securitized and Size of the loan:** This indicates the kind of assets financed with the loan and the average ticket size of the loan. A very low-ticket size might mean more costs in originating and servicing of the assets.
- **Diversification:** Diversification across geographical boundaries and ticket sizes might result in lower delinquency.
- **Loan to Value Ratio:** Indicates how much % value of the asset is financed by borrower's own equity. The lower this value the better it is. This suggests that where the borrower's own contribution of the asset cost is high; the chances of default are lower.
- **Average seasoning of the pool:** This indicates whether borrowers have already displayed repayment discipline. The higher the number, the more superior it is. The other main risks pertaining to Securitized debt are as follows:
- **Prepayment Risk:** This arises when the borrower pays off the loan sooner than expected. When interest rates decline, borrowers tend to pay off high interest loans with money borrowed at a lower interest rate, which shortens the average maturity of ABSs. However, there is some prepayment risk even if interest rates rise, such as when an owner pays off a mortgage when the house is sold or an auto loan is paid off when the car is sold.
- **Reinvestment Risk:** Since prepayment risk increases when interest rates decline, this also introduces reinvestment risk, which is the risk that the principal can only be reinvested at a lower rate.

12) Risk Factors associated with Investments in InvITs:

- **Price-Risk or Interest-Rate Risk:** InvITs run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.
- **Credit Risk:** In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be pre-scheduled.

- **Liquidity or Marketability Risk:** This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. As these products are new to the market they are likely to be exposed to liquidity risk.
- **Reinvestment Risk:** Investments in InvITs may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **Risk of lower than expected distributions:** The distributions by the InvIT will be based on the net cash flows available for distribution. The amount of cash available for distribution principally depends upon the amount of cash that the InvITs receives as dividends or the interest and principal payments from portfolio assets.

The above are some of the common risks associated with investments in InvITs. There can be no assurance that investment objectives will be achieved, or that there will be no loss of capital. Investment results may vary substantially on a monthly, quarterly or annual basis.

13) Risks associated with segregated portfolio:

- **Liquidity risk** – A segregated portfolio is created when a credit event / default occurs at an issuer level in the scheme. This may reduce the liquidity of the security issued by the said issuer, as demand for this security may reduce. This is also further accentuated by the lack of secondary market liquidity for corporate papers in India. As per SEBI norms, the scheme is to be closed for redemption and subscriptions until the segregated portfolio is created, running the risk of investors being unable to redeem their investments. However, it may be noted that, the proposed segregated portfolio is required to be formed within one day from the occurrence of the credit event.

Investors may note that no redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall list the units of the segregated portfolio on a recognized stock exchange within 10 Business Days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests. For the units listed on the exchange, it is possible that the market price at which the units are traded may be at a discount to the NAV of such Units. There is no assurance that an active secondary market will develop for units of segregated portfolio listed on the stock exchange. This could limit the ability of the investors to resell them. There may be possibility that the security comprising the segregated portfolio may not realize any value.

- **Valuation risk** - The valuation of the securities in the segregated portfolio is required to be carried out in line with the applicable SEBI guidelines. However, it may be difficult to ascertain the fair value of the securities due to absence of an active secondary market and difficulty to price in qualitative factors.

14) Risks associated with investing in Tri-Party Repo (TREPS) through CCIL:

All transactions of the Mutual Fund in government securities and in Tri- party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL). CCIL shall maintain two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The Mutual Fund is exposed to the extent of its contribution to the default fund of CCIL at any given point in time i.e. in the event that the default waterfall is triggered, and the contribution of the Mutual Fund is called upon to absorb settlement/default losses of another member by CCIL, the Scheme may lose an amount equivalent to its contribution to the default fund. Further, it may be noted that CCIL periodically prescribes a list of securities eligible for contributions as collateral by members. Presently, all Central Government securities and Treasury bills are accepted as collateral by CCIL. The risk factors may undergo change in case the CCIL notifies securities other than Government of India securities as eligible for contribution as collateral.

15) Risk associated with investment in Gold ETFs:

The Scheme(s) may invest in Gold ETFs and thus the NAV of the Scheme will react to Gold price movements. Several factors that may affect the price of gold are as follows:

- Global gold supplies and demand, which is influenced by factors such as forward selling by gold producers, purchases made by gold producers to unwind gold hedge positions, central bank purchases and sales, and productions and cost levels in major gold producing countries.
- Investors' expectations with respect to the rate of inflation.
- Currency exchange rates.
- Interest rates.
- Investment and trading activities of hedge funds and commodity funds.

- Global or regional political, economic or financial events and situations.
- Changes in indirect taxes or any other levies.

In addition, there is no assurance that gold will maintain its long-term value in terms of purchasing power in the future. In the event that the price of gold declines, the value of investment in units in which the Scheme(s) has invested will, in general, decline proportionately.

To the extent the Scheme's assets are invested in Gold ETFs the risks associated with the underlying Gold ETFs, will also be applicable. Some of them are explained below:

- **Currency Risk:** The formula for determining NAV of the units of Gold ETFs is based on the imported (landed) value of gold. Landed value of gold held by Gold ETFs is computed by multiplying international market price by US dollar value. The value of gold or NAV, therefore will depend upon the conversion value of US dollar into Indian rupee and attracts all the risks attached to such conversion.
- **Regulatory Risk:** Any changes in trading regulations by the stock exchange(s) or SEBI may affect the ability of Authorised Participant of Gold ETFs to arbitrage resulting into wider premium/ discount to NAV. Any changes in the regulations relating to import and export of gold or gold jewellery (including customs duty, sales tax and any such other statutory levies) may affect the ability of the underlying Gold ETFs to buy / sell gold against the purchase and redemption requests received.
- **Tracking Error Risk:** "Tracking Error" i.e. the annualised standard deviation of the difference in daily returns between physical Gold and the NAV of Gold ETF may arise including but not limited to the following reasons: Expenditure incurred by the Scheme(s). (ii) Securities trading may halt temporarily due to circuit filters. (iii) Disinvestments to meet redemptions, recurring expenses, etc. (iv) Execution of large buy / sell orders (v) Transaction cost (including taxes and insurance premium) and recurring expenses (vi) Realisation of Unit holders' funds (vii) Accounting for indirect taxes including tax reclaims (viii) Available funds may not be invested at all times as the Scheme may keep a portion of the funds in cash to meet Redemptions, for corporate actions or otherwise (ix) SEBI Regulations (if any) may impose restrictions on the investment and/or disinvestment activities of the Scheme. Such restrictions are typically outside the control of the AMC and may cause or exacerbate the Tracking Error
- **Taxation:** For the valuation of gold by the underlying scheme, indirect taxes like customs duty, VAT etc. may impact the price of gold. Hence any change in the rates of indirect taxation may affect the valuation of the gold ETF.

- **Liquidity Risk:** The underlying gold ETF has to sell gold only to bullion bankers/traders who are authorized to buy gold. Though there are adequate number of players (commercial or bullion bankers) to whom the underlying ETFs can sell gold, it may have to resort to distress sale of gold if there is no or low demand for gold to meet its cash needs of redemption or expenses.
- **Risks associated with handling, storing and safekeeping of physical Gold:** There is a risk that part or all of the underlying scheme's Gold could be lost, damaged or stolen. Access to the underlying scheme's Gold could also be restricted by natural events or human actions. Any of these actions may have adverse impact on the operations of the Scheme and consequently on investment in units.
- **Market Trading Risks:** Although units of Gold ETFs are listed on recognised stock exchange(s), there can be no assurance that an active secondary market will be developed or be maintained. Units of Gold ETFs may be acquired from the stock exchanges where the price quoted may be at variance with the underlying NAV, resulting in higher acquisition costs. Trading in units of Gold ETFs on the Exchange may be halted because of market conditions or for reasons that in view of the Exchange Authorities or SEBI, trading in units of Gold ETFs is not advisable. In addition, trading in units of Gold ETFs is subject to trading halts caused by extraordinary market volatility and pursuant to the Exchange and SEBI 'circuit filter' rules. There can be no assurance that the requirements of the Exchange necessary to maintain the listing of units of Gold ETFs will continue to be met or will remain unchanged. Any changes in trading regulations by the Stock Exchange(s) or SEBI may affect the ability of market maker to arbitrage resulting into wider premium/ discount to NAV. The units of Gold ETFs may trade above or below their NAV. The NAV of Gold ETFs will fluctuate with changes in the market value of that scheme's holdings. The trading prices of units of Gold ETFs will fluctuate in accordance with changes in their NAV as well as market supply and demand for the units of Gold ETF. Gold ETFs may provide for the creation and redemption of units in Creation Unit Size directly with the concerned Mutual Fund and therefore, it is expected that large discounts or premiums to the NAV of the units of Gold ETFs will not sustain due to arbitrage opportunity available.

16) Risk associated with investment in Silver ETFs:

Market Liquidity: Trading in Silver ETF on the Exchange may be halted because of market conditions or for reasons that in the view of the market authorities or SEBI, trading in Silver ETF is not advisable. In addition, trading in Silver ETF is subject to trading halts caused by extraordinary market volatility and pursuant to Stock Exchange(s) and SEBI 'circuit filter' rules. There can be no assurance that the requirements of the market necessary to

maintain the listing of Silver ETF will continue to be met or will remain unchanged. The returns from silver may underperform returns from the various general securities markets or different asset classes other than silver. Different types of securities tend to go through cycles of out-performance and underperformance in comparison to the general securities markets.

The Scheme(s) may invest in units of Silver ETFs that may trade above or below their NAV. The NAV of the underlying Scheme will fluctuate with changes in the market value of the holdings. The trading prices will fluctuate in accordance with changes in their NAV as well as market supply and demand. However, given that units of Silver ETFs can be created and redeemed in Creation Units, it is expected that large discounts or premiums to the NAV will not sustain due to arbitrage opportunity available. The value of Silver ETFs Units could decrease if unanticipated operational or trading problems arise.

In case of investment in Silver ETFs, the scheme can subscribe to the units of Silver ETFs according to the value equivalent to unit creation size as applicable. If subscriptions received are not adequate enough to invest in creation unit size, the subscriptions may be deployed in debt and money market instruments which will have a different return profile compared to gold returns profile. In addition to recurring expenses of the Scheme, the Unit holders shall also bear the applicable expenses of Underlying ETF. Further, the tracking error of the underlying ETF may result in returns deviating from the actual returns that could be generated by holding physical assets. However, under normal circumstances, such tracking errors are not expected to exceed 2% per annum. However, this may vary when the markets are very volatile.

Investments in ETF, which is a commodity-based ETF, will have all the risks associated with investments in underlying commodity (Silver) as mentioned below.

Several factors that may affect the price of Silver are as follows:

- Global Silver supplies and demand, which is influenced by factors such as forward selling by silver producers, purchases made by Silver producers to unwind Silver hedge positions, government regulations, productions and cost levels in major Silver producing countries.
- Macro-economic indicators - Price volatility in Silver as a commodity will be much higher because of the industrial use of it. Global or regional political, economic or financial events and situations may also impact the price and demand / supply of the commodity.

- Currency exchange rates - The formula for deriving the NAV of the units of the ETFs is based on the imported (landed) value of the silver, which is computed by multiplying international market price by US Dollar value. Hence the value of NAV or silver will depend upon the conversion value and attracts all the risk associated with such conversion.
- Regulatory risk – Restriction on movement/trade of silver that may be imposed by RBI. Trade and restrictions on import/export of silver or silver jewellery, etc may also impact prices and demand/supply.
- Investment and trading activities of hedge funds and commodity funds – In addition, investors should be aware that there is no assurance that Silver will maintain its long-term value. In the event that the price of silver declines, the value of investment in units is expected to decline proportionately.

17) Risk Factors Associated with Securities Lending:

As with other modes of extensions of credit, there are risks inherent to securities lending. During the period the security is lent, the Scheme may not be able to sell such security and in turn cannot protect from the falling market price of the said security. Under the current securities lending and borrowing mechanism, the Scheme can call back the securities lent any time before the maturity date of securities lending contract. However, this will be again the function of liquidity in the market and if there are no lenders in the specified security, the Scheme may not be able to call back the security and in the process, the Scheme will be exposed to price volatility. Moreover, the fees paid for calling back the security may be more than the lending fees earned by Scheme at the time of lending the said security and this could result in loss to the Scheme. Also, during the period the security is lent, the Fund will not be able to exercise the voting rights attached to the security as the security will not be registered in the name of the Scheme in the records of the Depository/issuer.

18) Risk Factors associated with transaction in units through stock exchange(s):

In line with Para 16.2 of Master circular it has been decided to allow investors to directly access infrastructure of the recognized stock exchanges to purchase mutual fund units directly from Mutual Fund/ Asset Management Companies. SEBI circular has advised recognized stock exchanges, clearing corporations and depositories to make necessary amendment to their existing byelaws, rules and/or regulations, wherever required.

The trading mechanism introduced by the Stock Exchange(s) is configured to accept and process transactions for mutual fund Units in both Physical and Demat Form. In respect

of transaction in units of the Scheme(s) through stock exchange platform(s), allotment and redemption of Units on any Business Day will depend upon the order processing / settlement by the stock exchange(s) and their respective clearing corporations on which the Fund has no control. Moreover, transactions conducted through the Stock Exchange mechanism shall be governed by the operating guidelines and directives issued by respective recognized Stock Exchange(s).

19) Risk Factor associated with investing in special features instrument:

Tier I and Tier II Bonds are unsecured and the RBI prescribes certain restrictions in relation to the terms of these Bonds: Tier I and Tier II bonds are unsecured in nature. The claims of the Bondholders shall (1) be subordinated to the claims of all depositors and general creditors of the Bank; (2) neither be secured nor covered by any guarantee of the Issuer or its related entity or other arrangement that legally or economically enhances the seniority of the claim vis-a-vis creditors of the Bank; (3) Unless the terms of any subsequent issuance of bonds/debentures by the Bank specifies that the claims of such subsequent bond holders are senior or subordinate to the Bonds issued under the disclosure document or unless the RBI specifies otherwise in its guidelines, the claims of the Bondholders shall be pari passu with claims of holders of such subsequent debentures/bond issuances of the Bank; (4) Rank pari passu without preference amongst themselves and other subordinated debt eligible for inclusion in Tier 1 / Tier 2 Capital as the case may be. The Bonds are not redeemable at the option of the Bondholders or without the prior consent of RBI.

The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent) are issued subject to loss absorbency features applicable for non-equity capital instruments issued in terms of Basel III Guidelines including in compliance with the requirements of Annex 5 thereof and are subject to certain loss absorbency features as described in bond prospectus and required of Tier 1 / Tier 2 instruments at the Point of Non Viability as provided for in Annex 16 of the aforesaid Basel III Guidelines as amended from time to time.

The Bonds are essentially non-equity regulatory instruments, forming part of a Bank's capital, governed by Reserve Bank of India (RBI) guidelines and issued under the issuance and listing framework given under Chapter VI of the SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 ("NCRPS Regulations"). These instruments have certain unique features which, inter-alia, grant the issuer (i.e. banks, in consultation with RBI) a discretion in terms of writing down the principal/ interest, to skip interest payments, to make an early recall etc. without commensurate right for investors to legal recourse, even if such action of the issuer might result potential loss to

investors. Payment of coupon on the Bonds is subject to the terms of Information Memorandum, including Coupon Discretion, dividend Stopper Clause, Loss Absorption as contained in the Information Memorandum. The Bonds are subject to loss absorption features as per the guidelines prescribed by RBI.

There may be no active market for the Bonds on the platform of the Stock Exchanges. As a result, the liquidity and market prices of the Bonds may fail to develop and may accordingly be adversely affected.

There is no assurance that a trading market for the Bonds will exist and no assurance as to the liquidity of any trading market. Although an application will be made to list the Bonds on the NSE and/or BSE, there can be no assurance that an active market for the Bonds will develop, and if such a market were to develop, there is no obligation on the issuer to maintain such a market. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, financial condition and prospects and other factors that generally influence market price of such instruments. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which one purchases these Bonds.

Issuer is not required to and will not create or maintain a Debenture Redemption Reserve (DRR) for the Bonds issued under this Disclosure Document. As per the Companies (Share Capital and Debentures) Rules, 2014, as amended, no Debenture Redemption Reserve is required to be created by Banking Companies issuing debentures. There is no assurance that the Tier I / Tier II bonds will not be downgraded:

The Rating agencies, which rate the Bonds, have a slightly different rating methodology for Tier I and Tier II bonds. In the event of deterioration of the financial health of the Issuer or due to other reasons, the rating of the Bonds may be downgraded whilst the ratings of other bonds issued by the issuer may remain constant. In such a scenario, for Tier I and Tier II Bond holders may incur losses on their investment.

20) Risks associated with investing in mutual fund units:

Investment in Mutual Fund Units involves investment risks, including but not limited to risks such as liquidity risk, volatility risk, default risk including the possible loss of principal.

- Liquidity risk – The liquidity of the Scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the Scheme's investment portfolio, these periods may become significant. In view of the same, the right to limit redemptions will be in accordance with SEBI mandated process.

- Volatility risks: There is the risk of volatility in markets due to external factors like liquidity flows, changes in the business environment, economic policy etc. The Scheme will manage volatility risk through diversification across companies and sectors.
 - Default risk - Default risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit risk while other debt instruments are rated according to the issuer's ability to meet the obligations.
- To the extent of the investments made by the scheme in mutual funds units, the risks associated with investing in such funds like market risk, credit & default risk, liquidity risk, redemption risk including the possible loss of principal; etc. will exist. Further, risks associated with redemption of mutual funds are applicable as mentioned in 23 (c) below.

21) Risk Factors associated with Investments in Exchange Traded Commodity Derivatives (ETCDs):

Commodity Risks: The Scheme(s) may invest in commodity markets and may therefore have investment exposure to the commodity markets and one or more sectors of the commodity markets, which may subject the Scheme(s) to greater volatility than investments in traditional securities, such as stocks and bonds. Volatility in the commodity markets may be caused by changes in overall market movements, domestic and foreign political and economic events and policies, war, acts of terrorism, changes in domestic or foreign interest rates and/or investor expectations concerning interest rates, domestic and foreign inflation rates, investment and trading activities of mutual funds, hedge funds and commodities funds, and factors such as drought, floods, weather, livestock disease, embargoes, tariffs and other regulatory developments, or supply and demand disruptions. Because the Scheme's performance is linked to the performance of volatile commodities, investors should be willing to assume the risks of potentially significant fluctuations in the value of the Scheme's shares.

The AMC within the regulatory guidelines and room given in the SID , may use derivative on commodities (like Futures and Options). The use of derivative may affect the performance of the Scheme(s).

Systemic risks: which may be witnessed while trading in Indian Commodities Market are Liquidity risk, Price risk in terms of volatility, Exchange Risk and counterparty risks.

Liquidity Risk: While ETCDs that are listed on an exchange carry lower liquidity risk, the ability to sell these contracts is limited by the overall trading volume on the exchanges. The liquidity of the Schemes' investments is inherently restricted by trading volumes of the ETCD contracts in which it invests. Additionally, change in margin requirements or

intervention by government agencies to reduce overall volatility in the underlying commodity could lead to adverse impact on the liquidity of the ETCD.

Price risk: ETCDs are leveraged instruments hence, a small price movement in the underlying security could have a large impact on their value. Also, the market for ETCDs is nascent in India hence, arbitrage can occur between the price of the physical commodity and the ETCD, due to a variety of reasons such as technical issues and volatile movement in prices. This can result in mispricing and improper valuation of investment decisions as it can be difficult to ascertain the amount of the arbitrage.

Settlement risk: ETCDs can be settled either through the exchange or physically. The inability to sell ETCDs held in the Schemes' portfolio in the exchanges due to the extraneous factors may impact liquidity and would result in losses, at times, in case of adverse price movement. Wherein the underlying commodity is physically delivered in order to settle the derivative contract, such settlement could get impacted due to various issues, such as logistics, Government policy for trading in such commodities.

If the Commodities futures position passes its last square off date or the 'Intention' is missed to be provided before the Delivery Intention period, the buyer or the seller will be allocated delivery of the commodity. Thus, there emerges a risk of holding goods in physical form at the warehouses. Though the commodity is inclusive of insurance cost, there is a small deductible in each claim which is not payable by the Insurance company.

22) Investment in Corporate Debt Market Development Fund (CDMDF):

CDMDF is set up as a scheme of the Trust registered as an Alternative Investment Fund ('AIF') in accordance with the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"). The objective of the CDMDF is to help to develop the corporate debt market by providing backstop facilities to instil confidence amongst the market participants in the corporate debt/bond market during times of market dislocation and to enhance the secondary market liquidity. In times of market dislocation, CDMDF shall purchase and hold eligible corporate debt securities from the participating investors i.e. Specified Debt-oriented schemes (i.e. Open-ended Debt oriented Mutual Fund schemes excluding Overnight funds, Gilt fund, Gilt Fund with 10-year constant maturity, Index funds, ETFs and including Conservative Hybrid funds (hereinafter referred to as 'Specified Schemes')) and sell as markets recover.

CDMDF will thus act as a key enabler for facilitating liquidity in the corporate debt market and to respond quickly in times of market dislocation. The trigger and period for which the backstop facility will be open shall be as decided by SEBI. Thus, this backstop facility will

help fund managers of the Scheme to generate better liquidity during market dislocation to help the schemes fulfil liquidity obligations under stress situation. In accordance with the requirement of Regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023, as may be amended from time to time, on Investment by Mutual Fund Schemes in units of CDMDF, the applicable scheme shall invest (as initial contribution) 25 bps of its AUM, in the units of the Corporate Debt Market Development Fund ('CDMDF'). An incremental contribution to CDMDF shall be made every six months (i.e. at the end of half year ended June and December) at the prevalent NAV of the respective Class Units to ensure 25 bps of scheme's AUM is invested in units of CDMDF. However, if AUM decreases there shall be no return or redemption of units from CDMDF.

Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked in till winding up of the CDMDF. The investments in CDMDF units shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable Investment limits) and the calculations of Potential Risk Class (PRC) Matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDF.

CDMDF shall not be considered as an "associate" of the Mutual Fund and investment made in units of CDMDF in accordance with this circular shall not be considered as investment in associate or group company of the Mutual Fund. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked in till winding up of the CDMDF.

23) Risks associated with investment in commodities (other than Gold, Silver and ETCDs)

Investment in commodities, other than Gold, Silver and Exchange Traded Commodity Derivatives (ETCDs), is subject to high price volatility arising from factors such as changes in global and domestic demand-supply dynamics, climatic variations, natural calamities, geopolitical events, international commodity prices, government policies including restrictions on imports/exports, duties or levies, as well as fluctuations in currency and interest rates. Commodities may also be exposed to liquidity risks due to relatively lower trading volumes and concentration in limited market participants. Further, regulatory interventions such as modifications in position limits, margin requirements, or trading restrictions may adversely affect the ability of the scheme to take or liquidate exposure. Unlike equity or debt instruments, commodities may entail operational risks relating to physical storage, transportation, logistics and settlement. Such risks, individually or

collectively, could lead to significant fluctuations in the value of the commodity positions and may adversely impact the Net Asset Value (NAV) of the scheme.

24) Other Risk Factors

(a) Concentration Risk: The Scheme(s) may invest in equity & equity related instruments of limited number of companies. This may result in a concentrated nature of the portfolio that may result in higher levels of volatility vis-à-vis other diversified equity-oriented schemes. Since the scheme will invest in not more than a limited number of stocks, it is also expected to have higher market liquidity risk compared to a regular diversified equity scheme

(b) Performance Risk: Performance risk refers to the risk of a scheme being unable to generate returns matching / above the returns of the scheme's benchmark. It would also mean the scheme underperforming against its peer set of other mutual fund schemes having similar portfolios, scheme classification, objective, benchmark and asset allocation. These risks could arise due to a variety of market and economic activities, government policies, global economic changes, currency fluctuations, tax policies, political changes, corporate actions and investors' behaviour.

(c) Risks Associated with 'Restriction on Redemption in Mutual Funds': Subject to the approval of Board of Directors of the AMC and Trustee Company and immediate intimation to SEBI, a restriction on redemptions may be imposed by the Scheme under certain exceptional circumstances, which the AMC / Trustee believe that may lead to a systemic crisis or event that constrict liquidity of most securities or the efficient functioning of markets.

(d) Liquidity or Marketability Risk: This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of some of these investments. Different segments of the Indian financial markets have different settlement periods, and such periods may be extended significantly by unforeseen circumstances. The length of time for settlement may affect the Scheme in the event it has to meet an inordinately large number of redemption or of restructuring of the Scheme's investment portfolio.

Liquidity Risk Management (LRM): The AMC adopts the Liquidity Risk Management framework mandated for open ended debt schemes by SEBI and AMFI which helps

estimates liquidity requirement by determining liquidity risk arising from the liability side and tries to cover all potential liquidity risk scenarios up to agreed confidence interval and has mandated remedial measures both for managing the risk on an ongoing basis (LRaR & LCRaR) as well as action plan in case there is a difference between actual outcome and projected outcome. Investors are advised to refer to the AMFI best practice circular 135/ BP/93/ 2021-22 dated July 24, 2021 and subsequent circulars for detailed understanding on the Liquidity Risk Management Framework.

Further AMC also evaluates and monitors the Asset Liability Mismatch (ALM) which addresses the gap in the estimated potential liquidity requirement over a 90-day period and schemes investment / assets liquidity to meet the potential requirement and assesses that the scheme has necessary liquidity to meet its liability obligations. For asset allocation limits (applicable for following category of schemes in terms of SEBI circular on 'Categorization and Rationalization of Mutual Fund Schemes': Banking and PSU Bond Fund, Floater Fund, Credit Risk Fund and Corporate Bond Funds scheme categories) the base shall be considered as Net assets excluding the extent of minimum stipulated liquid assets.

Investors may note that the minimum investment made by the schemes pursuant to the circular / regulation in compliance with the Corporate Debt Market Development Fund (CDMDF) circular & Liquidity Risk Management framework (LRM) circular mandated by the SEBI may not perform in line with other investment and the investment objective of the schemes and the AMC will not have the option to alter the said investments.

(e) Swing Pricing

As per SEBI provision 4.10 of SEBI Master Circular, Swing pricing framework is applicable to open ended debt mutual fund schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds).

Swing Pricing refers to a process for adjusting a funds net asset value (NAV) to effectively pass on the transaction costs stemming from net capital activity (i.e. flows into or out of a scheme) to the investor associated with that activity. This will ensure fairness of treatment of all investors i.e. whether entering, exiting or remain invested in the scheme, particularly during the market dislocation.

When the Swing Framework is triggered and swing factor is made applicable, both the incoming (unit holders who submit purchase/switch-in requests) and outgoing investors (unit holders who submit redemption/switch out requests) shall get NAV

adjusted downwards for swing factor. Swing pricing shall be made applicable to all unitholders at PAN level with an exemption for redemptions up to INR 2 lacs for each scheme. The swing pricing framework ensures that the impact cost of high redemption is passed on the investors exiting the Scheme(s), while incoming investors in such time benefit due to lower NAV.

Mandatory Swing pricing during market dislocation:

The swing pricing framework will be made applicable only for scenarios related to net outflows from the scheme. Swing pricing will be mandatory during the period of market dislocation announced by SEBI. Once market dislocation is declared, it will be notified by SEBI that swing pricing will be applicable for a specified period. The provision of swing pricing for market dislocation shall be applicable in terms of provision no. 4.10.4 of Master circular, and Classified themselves in any of the cell A-III, B-II, B-III, C-I, C-II and C-III of Potential Risk Class (PRC) Matrix in terms of provision no. 4.10.4.3 of Master Circular on Mutual Fund dated June 27, 2024 or as guided by SEBI/AMFI from time to time.

Mandatory swing factor will be applied on redemption and subscription transactions in the scheme during market dislocation period announced by SEBI as per Minimum swing factors disclosed in the Scheme Information Document of the Scheme. When swing pricing framework is triggered and swing factor is made applicable, both the incoming and outgoing investors shall get NAV adjusted for swing factor.

- Investors may note that AMC/Fund Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of the Indian financial markets have different settlement periods, and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme(s) to make intended securities purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme(s) portfolio would result at times, in potential losses to the Scheme, should there be a subsequent decline in the value of securities held in the Scheme(s) portfolio.
- The value of the Scheme's investments may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the

Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the NAV of the Units of the Scheme(s) may fluctuate and can go up or down.

- The Mutual Fund may not be able to sell securities, which can lead to temporary illiquidity. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to be collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.
- Investors may note that dividend is due only when declared and there is no assurance that a company (even though it may have a track record of payment of dividend in the past) may continue paying dividend in future. As such, the Scheme(s) is vulnerable to instances where investments in securities may not earn dividend or where lesser dividend is declared by a company in subsequent years in which investments are made by scheme. As the profitability of companies are likely to vary and have a material bearing on their ability to declare and pay dividend, the performance of the Scheme(s) may be adversely affected due to such factors.
- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. The liquidity of the Scheme's investments is inherently restricted by trading volumes in the securities in which it invests.
- Fund manager endeavors to generate returns based on certain past statistical trend. The performance of the scheme may get affected if there is a change in the said trend. There can be no assurance that such historical trends would continue.
- In case of abnormal circumstances, it will be difficult to complete the square off transaction due to liquidity being poor in stock futures/spot market. However, the scheme will aim to take exposure only into liquid stocks where there will be minimal risk to square off the transaction.

- Changes in Government policy in general and changes in tax benefits applicable to mutual funds may impact the returns to investors in the Scheme or business prospects of the Company in any particular sector.

(f) Potential Risk Matrix (PRC) & Risk-o-meter

Investors are requested to review the scheme's Potential Risk Matrix (PRC) to understand the maximum risk that the scheme will run as per design and & Risk-o-meter to understand periodical measurement of that risk on a regular basis. Investors are suggested to read about various disclosures under the section "PERIODIC DISCLOSURES" pertaining to "Potential Risk Class Matrix"& "Risk-o-meter" to understand in detail the disclosure frequency and remedial measures in case of breaches in the boundaries.

(g) Changes in tax laws

The tax benefits described in the Scheme Information Document and Statement of Additional Information are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advise received by the AMC regarding the law and practice currently in force in India and the Unit holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in any of the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Unit holder is advised to consult his/her own professional tax advisor.

B. Risk Mitigation/Management Strategies:

The Fund by utilizing a holistic risk management strategy will endeavor to manage risks associated with investing in debt and equity markets. The risk control process involves identifying & measuring the risk through various risk measurement tools. The Fund has identified the following risks of investing in equity and debt and designed risk management strategies, which are embedded in the investment process to manage such risks.

- **Risk associated with investment in equity and equity related securities:**

Description of Risk	Risk Mitigation/ Management Strategy
<p>Market Risk:</p> <p>The scheme is vulnerable to movements in the prices of securities invested by the scheme, which could have a material bearing on the overall returns from the scheme. The value of the scheme's investments, may be affected generally by factors affecting securities markets, such as price and volume, volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets.</p>	<p>Market risk is a risk which is inherent to an equity scheme. The scheme may use derivatives for hedging purpose.</p>
<p>Liquidity Risk:</p> <p>The liquidity of the scheme's investments is inherently restricted by trading volumes in the securities in which it invests.</p> <p>In case of Arbitrage trades, under abnormal circumstances it will be difficult to square off the transaction due to liquidity being poor in the underlying stock, stock futures or options market.</p>	<p>The fund seeks to control such risk by investing in such stocks having strong fundamentals, sound financial strength and superior quality of management and highly liquid papers. The fund will try to maintain a proper asset-liability match to ensure redemption payments are made on time and not affected by illiquidity of the underlying stocks.</p> <p>The fund will aim at taking exposure only into liquid stocks / derivatives where there will be minimal risk to square off the transaction.</p>
<p>Derivatives Risk:</p> <p>As and when the scheme trades in the derivatives market there are risk factors and issues concerning the use of derivatives that Investors should understand. Derivative</p>	<p>The fund has provision for using derivative instruments for portfolio balancing and hedging purposes. Investments in derivative instruments will be used as per local (RBI and SEBI) regulatory guidelines. The fund will</p>

<p>products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the “counter party”) to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.</p>	<p>endeavor to maintain adequate controls to monitor the derivatives transactions entered into.</p>
<p>Currency Risk: The Scheme(s) may invest in Foreign Securities as permitted by the concerned regulatory authorities in India. Since the assets may be invested in securities denominated in foreign currency, the INR equivalent of the net assets, distributions and income may be adversely affected by changes / fluctuations in the value of the foreign currencies relative to the INR.</p>	<p>The scheme subject to applicable regulations shall have the option to enter into forward contracts for the purposes of hedging against the foreign exchange fluctuations. The Schemes may employ various measures (as permitted by SEBI/RBI) including but not restricted to currency hedging (such as currency options and forward currency exchange contracts, currency futures, written call options and purchased put options on currencies and currency swaps), to manage foreign exchange movements arising out of investment in foreign securities.</p>

- **Risk associated investment in debt securities:**

Description of Risk	Risk Mitigation/Management Strategy
<p>Market Risk</p> <p>As with all debt securities, changes in interest rates may affect the scheme's Net Asset Value as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than do short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV.</p>	<p>In a rising interest rates scenario, the Fund Manager will endeavour to increase investment in money market securities whereas if the interest rates are expected to fall, the allocation to debt securities with longer maturity will be increased thereby mitigating risk to that extent.</p>
<p>Liquidity or Marketability Risk</p> <p>This refers to the ease with which a security can be sold at or near to its valuation Yield-To-Maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today characteristic of the Indian fixed income market.</p>	<p>The scheme may invest in government securities, corporate bonds and money market instruments. While the liquidity risk for government securities, money market instruments and short maturity corporate bonds may be low, it may be high in case of medium to long maturity corporate bonds. Liquidity risk is today characteristic of the Indian fixed income market. The fund will however, endeavor to minimise liquidity risk by investing in securities having a liquid market.</p>
<p>Credit Risk</p> <p>Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the</p>	<p>A traditional SWOT analysis will be used for identifying company specific risks. Management's past track record will also be studied. In order to assess financial risk, a detailed assessment of the issuer's financial statements will be undertaken to review its ability to undergo stress on cash flows and asset quality. A detailed evaluation of accounting policies, off balance sheet exposures, notes, auditors' comments and disclosure standards will also be made to</p>

<p>changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.</p>	<p>assess the overall financial risk of the potential borrower. In case of securitized debt instruments, the fund will ensure that these instruments are sufficiently backed by assets.</p>
<p>Reinvestment Risk</p> <p>This risk refers to the interest rate levels at which cash flows received from the securities in the scheme are reinvested. The additional income from reinvestment is the “interest on interest” component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.</p>	<p>Reinvestment risks will be limited to the extent of coupons received on debt instruments, which will be a very small portion of the portfolio value.</p>
<p>Derivatives Risk</p> <p>As and when the scheme trades in the derivatives market, there are risk factors and issues concerning the use of derivatives that Investors should understand. Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the “counter party”) to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.</p>	<p>The fund has provision for using derivative instruments for portfolio balancing and hedging purposes. Interest Rate Swaps will be done with approved counter parties under pre approved International Swaps and Derivatives Association (ISDA) agreements. Mark to Market of swaps, netting off of cash flow and default provision clauses will be provided as per international best practice on a reciprocal basis. Interest rate swaps and other derivative instruments will be used as per local (RBI and SEBI) regulatory guidelines.</p>

Currency Risk The Scheme may invest in Foreign Securities as permitted by the concerned regulatory authorities in India. Since the assets may be invested in securities denominated in foreign currency, the INR equivalent of the net assets, distributions and income may be adversely affected by changes / fluctuations in the value of the foreign currencies relative to the INR.	The Scheme(s) are subject to applicable regulations shall have the option to enter into forward contracts for the purposes of hedging against foreign exchange fluctuations. The Schemes may employ various measures (as permitted by SEBI/RBI) including but not restricted to currency hedging (such as currency options and forward currency exchange contracts, currency futures, written call options and purchased put options on currencies and currency swaps), to manage foreign exchange movements arising out of investment in foreign securities.
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- **Risk associated with investments in Gold/Silver ETFs & Other commodities**

Description of Risk	Risk Mitigation/Management Strategy
Price Risk	The investments will follow the underlying price of Gold / Silver and therefore the level of portfolio volatility would be same as that of the underlying Gold / Silver prices. The Fund Manager will ensure that the portfolio allocation to the securities is as per the allocation allowed by the Scheme Information Document.
Liquidity Risk	Gold / Silver is a globally traded commodity and thereby deemed to be liquid. There are also designated authorized participants who facilitate liquidity on the exchange
Tracking Error Risk	Tracking Error in a Gold/Silver ETF is expected to be lower than that of an equity ETF. The authorized participants endeavour to minimize the Tracking Error of ETFs.

- **Risk associated with investment in Exchange Traded Commodity Derivatives:**

Description of Risk	
Risk associated with investment in ETCDs	Investment in commodity has an inherent

	<p>market risk in terms of volatility, which can be mitigated generally through hedging via commodity derivatives. For this purpose, SEBI has allowed participation in ETCDs only which are likely to have enough liquidity in the market. The settlement risk shall be mitigated by ensuring that the trade positions do not fall in delivery mode. However, as mutual fund schemes participating in ETCDs may hold the underlying goods in case of physical settlement of contracts, such goods shall be disposed of from the books of the Scheme, at the earliest, not exceeding the timeline prescribed under the Regulations.</p>
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C. Special Considerations

- 1) Prospective investors should review/study SAI along with SID carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial/investment matters and are advised to consult their own professional advisor(s) as to the legal or any other requirements or restrictions relating to the subscriptions, gifting, acquisition, holding, disposal (sale, transfer, switch or redemption or conversion into money) of units and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalization, disposal (sale, transfer, switch or redemption or conversion into money) of units within their jurisdiction/nationality, residence, domicile etc. or under the laws of any jurisdiction to which they or any managed Funds to be used to purchase/gift units are subject, and also to determine possible legal, tax, financial or other consequences of subscribing/gifting to, purchasing or holding units before making an application for units.

- 2) Neither the SID and SAI, nor the units have been registered in any jurisdiction outside of India, including the United States of America nor in any provincial/ territorial jurisdiction in Canada. The distribution of the SID/SAI in certain jurisdictions may be restricted or subject to registration and accordingly, any person who gets possession of the SID/SAI is required to inform themselves about, and to observe, any such restrictions. It is the responsibility of any persons in possession of the SID/SAI and any persons wishing to apply for units pursuant to SID/SAI to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction. Any changes in SEBI/RBI regulations

and other applicable laws/regulations could have an effect on such investments and valuation thereof.

- 3) No persons receiving a copy of the Scheme related documents or any accompanying application form in such jurisdiction may treat these Scheme related documents or such application form as constituting an invitation or solicitation to them to subscribe for units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, the Scheme related documents do not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation as per applicable.
- 4) The Mutual Fund/AMC has not authorized any person to give any information or make any representations, either oral or written, not stated in the SID/SAI in connection with issue of units under the Scheme. Prospective investors are advised not to rely upon any information or representations not incorporated in the SAI and SID as the same have not been authorized by the Fund or the AMC . The investor is requested to check the credentials of the individual, firm or other entity he/she is entrusting his/her application form and payment to, for any transaction with the Fund. The Fund shall not be responsible for any incorrect information or misrepresentation done by the intermediaries representing or purportedly representing such investors.
- 5) Any subscription, purchase or sale made by any person on the basis of statements or representations which are not contained in SID/SAI or which are inconsistent with the information contained herein shall be solely at the risk of the investor.
- 6) Mutual Fund investments are subject to market risks and the Investors should read/review/study SID of the scheme, the SAI and the addenda thereto issued from time to time carefully in its entirety before investing and should not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation or financial/investment matters. There can be no assurance or guarantee that the Scheme objectives will be achieved, and the investment decisions made by the AMC may not always be profitable.
- 7) If the units are held by any person in breach of the Regulations, law or requirements of any governmental, statutory authority including, without limitation, Exchange Control Regulations, the Fund may mandatorily redeem all the units of any Unit holder where the

units are held by a Unit holder in breach of the same. The Trustee may further mandatorily redeem units of any Unit holder in the event it is found that the Unit holder has submitted information either in the application or otherwise that is false, misleading or incomplete.

- 8) The Product labelling mandated by SEBI is to provide investors an easy understanding of the risk involved in the kind of product / scheme they are investing to meet their financial goals. The Risk-o-meter categorizes the schemes of Fund under different levels of risk based on the respective scheme's investment objective, asset allocation pattern, investment strategy and typical investment time horizon of investors. Therefore, the schemes falling under the same level of risk in the Riskometer may not be similar in nature. Investors are advised before investing to evaluate a scheme not only on the basis of the Product labelling (including the Riskometer) but also on other quantitative and qualitative factors such as performance, portfolio, fund managers, asset manager, etc. and shall also consult their financial advisers, if they are unsure about the suitability of the scheme before investing. Further, as per para 17.4.1. of Master Circular, Risk-o-meter shall be evaluated on a monthly basis and Mutual Fund/AMC shall disclose the Risk-o-meter along with portfolio disclosure for their schemes on their website and on AMFI website within 10 calendar days from the close of each month. Mutual Funds shall also disclose the risk level of schemes as on March 31 of every year, along with number of times the risk level has changed over the year, on their website and AMFI website.
- 9) In terms of the Prevention of Money Laundering Act, 2002 ("PMLA") the rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering (AML) Laws, all intermediaries, including mutual funds, are required to formulate and implement a client identification program, and to verify and maintain the record of identity and address(es) of investors.
- 10) If after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, the AMC shall report any such suspicious transactions to competent authorities under PMLA and rules/guidelines issued thereunder by SEBI and/or RBI, furnish any such information in connection therewith to such authorities and take any other actions as may be required for the purposes of fulfilling its obligations under PMLA and rules/guidelines issued thereunder by SEBI and/or RBI without obtaining the prior approval of the investor/Unit holder/any other person.
- 11) The tax benefits described in the SAI / SID are as available under the present taxation laws and are available subject to conditions. The information given is included for general purpose only and is based on advice received by the AMC regarding the law and practice in force in India and the Unitholders should be aware that the relevant fiscal rules or their

interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Unitholder is advised to consult his/ her own professional tax advisor.

12) The AMC and/ or its Registrars & Transfer Agent (RTA) may disclose/share Unit holder's details of folio(s) and transaction details thereunder with the following third parties:

- RTA, Banks and/or authorized external third parties who are involved in transaction processing, dispatching etc., of the Unitholder's investment in the Scheme;
- Distributors or sub-brokers through whom the applications are received for the Scheme;
- Any other organizations for compliance with any legal or regulatory requirements or to verify the identity of the Unitholders for complying with anti-money laundering requirements.

Account statements or financial information pertaining to the investor, if it is to be sent over the internet to the Unitholder, distributors or any other entity as indicated above, will be sent only through a secure means and / or through encrypted electronic mail.

13) Any dispute arising out of the Scheme shall be subject to the non-exclusive jurisdiction of the Courts in India. Statements in this SAI are, except where otherwise stated, based on the law practiced currently in India, and are subject to changes therein.

14) Subject to the SEBI (MF) Regulations, funds managed by the AMC/associates of the Sponsors may invest either directly or indirectly in the Scheme and may acquire a substantial portion of the Scheme Units and collectively constitute a majority investor in the Scheme. Accordingly, redemption of Units held by such funds may have an adverse impact on the value of the Units of the Scheme because of the timing of any such redemption and may impact the ability of other Unit Holders to redeem their respective Units.

15) Non-Individual Investors should note the following:

- a. A list of specimen signatures of the authorized officials duly certified / attested should also be attached to the Application Form.
- b. In case of application for any transaction, the authorized signatories/officials should sign such application under their official designation and as per the authority granted to them under their constitutional documents/board resolutions etc.
- c. In case a generic board resolution authoring investment has been submitted, the AMC/Fund reserves the right to consider such generic resolution as a valid

authorisation for all other financial and non-financial transactions including but not limited to redemption/switches etc. Accordingly, all transactions executed by the officials named in such generic resolution would be processed by the AMC/Fund

- 16) The Mutual Fund may disclose details of the investor's account and transactions there under to those intermediaries whose stamp appears on the application form. In addition, the Mutual Fund may disclose such details to the bankers / its agents, as may be necessary for the purpose of effecting payments to the investor. Further, the Mutual Fund may disclose details of the investor's account and transactions thereunder to any Regulatory/Statutory entities as per the provisions of law.
- 17) The AMC shall have the right to freeze/lock/restrict the folio(s) of investor(s)/Unitholder(s) for further transactions or reject any applications including for subscription, redemption of units or transmission of units pursuant to receipt of instructions/ directions/orders issued by any Governmental, judicial, quasi-judicial, regulatory or other similar authority ("Authority"), including orders restricting the investor(s)/Unitholder(s) from dealing in securities or for attachment of units held by the investor(s)/Unitholder(s). Additionally, the AMC shall be entitled to freeze/lock/restrict the folio(s) of investor(s)/Unitholder(s) for further transactions or reject any applications including for subscription, redemption of units or transmission of units at its sole and absolute discretion upon the AMC becoming aware of initiation of any investigation/action/litigation relating to the investments or transactions of the Unitholder by any Authority, upon receipt of any complaints (including fraud or forgery), or upon commencement of any disputes / litigations among unitholders / nominees / legal heir / other claimants to the units relating to the investments or transactions of the Unitholder, including disputes/litigations where AMC or Mutual Fund or Trustee has been impleaded as a party or is a necessary party. The freeze / lock / rejection / restriction so imposed by the AMC as hereinabove mentioned may continue till receipt of a specific written instruction/direction/order from such Authority or NOC from all concerned Parties or such other documents as may be deemed necessary by the AMC authorizing the removal of such freeze/lock/rejection/restriction and/ or completion of the investigation by AMC as the case may be. It is hereby clarified that the AMC/Mutual Fund/Trustee shall not be liable for any loss or damage suffered by Unitholder, either directly or indirectly, on account of such freeze/ lock / rejection / restriction.
- 18) Investors may note that AMC/Fund Manager's investment decisions may not be always profitable or prove to be correct. Various factors in securities market not only affect the prices of securities but may also affect the time taken by the Fund for redemption of units, which could be significant in the event of receipt of a very large number of redemption requests or very large value of redemption requests. In the event of restructuring of the

Scheme's portfolio, the time taken by the Scheme(s) for redemption of Units may become significant. The liquidity of the assets may be affected by other factors such as general market conditions, political events, bank holidays and civil strife. In view of this, the Trustee Company has the right in its sole discretion to limit redemption (including suspension of redemption) under certain circumstances. The liquidity of the Scheme's investments may be restricted by trading volumes, settlement periods and transfer procedures.

- 19) Neither the Mutual Fund nor the AMC nor any person connected with it accepts any liability arising from the use of this information. The Trustee Company, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the Scheme(s) are wound up for the reasons and in the manner provided in SAI.
- 20) Certain Scheme(s) of the Mutual Fund may also invest in overseas financial assets as permitted under the applicable regulations and subject to requisite investment limits being available at the time of undertaking investments, and respective SID. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

VI. HOW TO APPLY

A. Purchase / Subscription

- 1) New investors can purchase units by using an application form or through such other modes as may be offered by the AMC, subject to KYC and various requirements and documents. Existing unit holders may use the transaction slip attached to their account statement or use a Common Transaction Form or through such other modes as may be offered by the AMC. Application forms or common transaction forms are generally available at the official points of acceptance of transactions during business hours. The same can also be downloaded from the website of the Mutual Fund.
- 2) The duly completed application form/transaction slip/common transaction form, as the case maybe, can be submitted at any of the official points of acceptance of transactions. The official point of acceptance of transaction will stamp, and return the acknowledgement slip in the application form, to acknowledge receipt of the application, subject to verification. No other form of acknowledgement will be provided. Investors should retain the acknowledgement evidencing submission of the transaction till they receive a confirmation of acceptance or rejection of transaction. In case of difference of details in acknowledgement vis a vis actual transaction document, the details as mentioned on transaction document will prevail.
- 3) Investors should mandatorily use the Application Forms, Transactions Request, SIP/STP/SWP forms accompanied by the KIM and other standard forms available at the ISCs/<https://capitalmindmf.com>, for any financial/non-financial transactions. Any transactions received in any non-standard forms are liable to be rejected. Further, any transaction or request received on a non-standard form or document not specified by the Mutual Fund will still be governed and subject to terms and conditions of the standard forms and scheme related documents. Investor using application form/ transaction request for financial/ non- financial transactions not provided by the Mutual Fund declare that they have read and understood the contents of the SID and SAI, Key Information Memorandum, instructions and addenda issued by the Mutual Fund from time to time. Any transactions request received with incomplete information are liable to be rejected .
- 4) The AMC/Registrar may open or close offices/ISCs or change address of an office from time to time. Investors may obtain latest addresses of Official Points of Acceptance of Transactions from the relevant SID or by calling the AMC/Registrar or available on the website of the Mutual Fund i.e. <https://capitalmindmf.com>. Investors are requested to

note that no transaction shall be accepted on a day which is a public and /or bank holiday or non-business days or local holiday at an Investor Service Centre/ Official Points of Acceptance of Transaction

- 5) Investors should provide details/instructions only in the space provided in the relevant form in CAPITAL case and in English language. Further, any details / noting / information / instruction provided at a non-designated area of the standard form being used, or any additional details for which space is not designated in the standard form, may not be executed by the AMC. If the details are not mentioned clearly or in capital case, the AMC will endeavour to capture client and transaction details on a best effort basis and will not be liable towards data entry errors due to illegible or unclear handwriting. Hence, investors should check all details as mentioned in the Account Statement or request for details of Statement of Account.
- 6) Facility of transactions is available on the official website <https://capitalmindmf.com> for schemes of the Mutual Fund. Accordingly, the said website will also be considered as an official point of acceptance for applications for subscriptions, redemptions, switches and other available facilities as the case may be.
- 7) The Trustees shall have absolute discretion to reject any application for purchase of Units, if in its opinion, increasing the size of the Unit Capital is not in the general interest of the Unit Holders, or if for any other reason it does not believe it would be in the best interest of the Scheme or its Unit Holders to accept such an application.
- 8) Applicants have to specify the “mode of holding” in the application form. If an application is made by: (a) one investor, the mode of holding will “Single”; or (b) more than one investor (maximum three permitted), the mode of holding should be specified as “Joint” or “Anyone or Survivor”. In case the mode of holding is specified as “Joint”, all transactions/instructions will have to be signed by all joint holders. While for mode of holding specified as “Anyone or Survivor”, all transactions/instructions may be signed by anyone of the Unit holders. If the mode of holding is not specified or is ambiguous, it will be treated as “Joint”, where there is more than one holder. With respect to Units held in demat mode, the rules of Depository for operation of such DP account shall be applicable. Request for nomination needs to be signed by all unit holders jointly, irrespective of “mode of holding”.
- 9) In all cases, proceeds of redemption will be paid to the first-named holder (as determined by reference to the original application form). Further, the first named holder shall receive the account statements, all notices and correspondences with respect to the account, or

IDCW or other distributions and also have the voting rights, as permitted, associated with such units

- 10) The proceeds towards redemptions and IDCW (in case if any) will be dispatched by a reasonable mode of despatch like courier, Speed post, etc. in case of cheque or directly credited to the bank account (as per the details mentioned by the investor), entirely and solely at the risk of the investor. The Mutual Fund will endeavour to remit redemption proceeds via electronic means, as made available by RBI. Where such electronic means are not available or feasible under any circumstances, the Mutual Fund will remit the redemption proceeds by way of cheques. The investor will not hold the Mutual Fund or the AMC or the Registrar responsible for any non-receipt or delay of receipt of redemption & IDCW proceeds due to any negligence or deficiency in service by the courier company, postal authorities or the bank executing direct credits, or due to incorrect bank account details provided by the investor.
- 11) Investors must clearly specify schemes/plans/options /sub-option in the application form and ensure that the form is accompanied by a cheque/account to account transfer instruction, bank acknowledgement favouring schemes/plans/options/sub-option. In case of ambiguity or any discrepancy, the application is liable to be rejected, or default plan/option may be applied for allotment of the Units.
- 12) Where the Scheme name as written on the application form and on the payment instrument differs, the proceeds may, at the discretion of the AMC be allotted in the Scheme as mentioned on the application form.
- 13) It is mandatory for all applicants/investors (including guardians, joint holders, NRIs and power of attorney holders) to mention their bank account No., permanent account number (PAN) irrespective of the amount of purchase in the application form. In order to verify that the PAN of the applicants (in case of application in joint names, each of the applicants) has been duly and correctly quoted therein, the applicants shall attach along with the purchase application, a photocopy of the PAN card or KYC status from KRA website.
- 14) Investors residing in the state of Sikkim are exempt from the mandatory requirement of PAN, subject to the AMC verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence including KYC.
- 15) Applications are liable to be rejected, if KYC requirements are not complied with by all the applicants or any of the additional details are not mentioned for any of the applicant

at the time of purchase or if the KYC details are not updated in the existing folio for all unitholders, including guardian. In case where the KYC application is given along with the purchase/switch and where the purchase/switch is processed based on KYC application or based on KYC status as In-Process, the purchase/switch may be rejected in case the KYC is subsequently rejected or is on Hold. In case of such rejections, refund of the subscription amount without any interest would be made to the investor within 5 (five) Business Days from the date of rejection / reversals

- 16) Investors should mention the correct Tax Status which should correspond to the 4th Character convention of the PAN issued by the Income Tax Department. In case the Tax Status provided by the investor does not correspond to the 4th character convention of PAN, then the status as per the PAN 4th character would be updated in the investor folio.
- 17) Investors are requested to note that there can be only tax status, either Resident (RI) or Non Resident (NRI) against a single PAN. There cannot be different tax status for different folios for the same investor, same PAN. In case of any change in tax status, Investors should submit a request for change of tax status request before submitting the new investment to avoid any inconvenience. The AMC reserves the right to reject or reverse & reprocess the transactions at a later date in case of any error.
- 18) Contact Details and Correspondence Address
 - a. Applicants should provide contact information such as email id, mobile telephone number/s and correspondence address. However, the Mutual Fund reserves the right to update communication postal address, email id, mobile number from KYC records of SEBI designated KYC Registration Authority (KRA)
 - b. Investors should ensure that, the email id, mobile number provided in the application form should be their own or any of the immediate family member and should be same as the ones provided in the KRA. Investors should clearly mention if the email id belongs to any of the immediate family members. Where the email id, mobile number are not provided or where provided but the same is found to be invalid, or seems to be not pertaining to the investor or any of the immediate family member or is of a distributor or any other agency, then AMC/ RTA reserves the right to remove the email id, mobile number without any notice and the email id, mobile number as per KRA records may be updated in the folio.
 - c. Investors will need to update the email id / mobile number with the KRA in case of any change.
 - d. Account statements, newsletter, annual reports and other communication, including statutory communication, will be sent through email/sms only instead of physical, for investors who provide their email address/mobile on the application form. Should

they wish to have a physical copy, they are requested to send an email to the AMC/RTA. It is deemed that the applicants are aware of all the security risks associated with online communication, including possible third- party interception of documents sent via email.

- e. If the pin code provided in application form or as received from KYC Database of a KRA is Null or Incorrect/Invalid, the transactions will be tagged as received from a T30 location.

- 19) In case of any investor being suspended / debarred by any statutory or government authority, the AMC/RTA reserves the right to reject any transaction without any notice.
- 20) Refund if any in case of purchases will be made within 05 (five) Business Days from the date of rejection and identification of remitter information of the credits received by the Fund, whichever is later.
- 21) In case of subscription funds received through cheque deposited in clearing or transfer banking or through electronic means like funds transfer, IMPS, RTGS/NEFT etc; and where the details provided by the investor's bank or banking industry in general are inadequate or incomplete or unclear to establish the credit of the funds against the clients subscription application, allotment of units for such amounts would be done after due efforts of interacting with the client's bank to ascertain the remitter of the funds and consequently the NAV applicable will be based on the Business Day when the reconciliation and establishment of credit to application is completed, irrespective of earlier receipt of credit or the subscription application
- 22) Investors should ensure that their banks provide adequate information in bank statements with respect to funds remitted through cheque deposited in transfer banking or through electronic means like funds transfer, IMPS, RTGS/NEFT etc so as to ensure credit identification against their subscription application at the earliest.
- 23) The AMC and its Registrar reserve the right to disclose the details of the investors and their transactions to third parties viz. banks, couriers, distributors or stock brokers or registered investment advisors or any other parties through whom the application has been sourced or facilitated, printers and any other organization for the purpose of transaction confirmations and/or execution, redemption payouts, data validations, compliance with legal and regulatory requirements, or for complying with anti-money laundering requirements.

All investments and interactions with AMC/ its Registrar will be done with full knowledge

of the above necessity and consent for such sharing. AMC/ its Registrar will take utmost care in processing, storing and maintaining such information so that such sensitive and personal information shall not get exposed to any unrelated third party(ies) and used for specific & associated purpose for which such information is collected.

AMC/ its Registrar has implemented all required processes and controls as required under local data protection & privacy laws (Information Technology Act, 2000 & amendments thereof from time to time) and will continue to abide by all such data protection & privacy laws as notified by Government of India from time to time. Mutual Fund / AMC neither seek any investment from nor intend to offer any goods or services to Citizen(s)/Resident(s) of the USA / Canada / European Union Member States or any other territory outside India, where there are Data Protection Law passed as Public International Law and all the information that are provided by the investor(s) are done voluntarily and in full agreement to the data collection and sharing, as explained above.

Mutual Fund / AMC / its Registrar, who shall be collecting, using and sharing as indicated above, shall comply with local laws of India, which may or may not be in line with the requirements of other territorial laws. If you have any concern / query, you can write to Investor Relations Officer of the Mutual Fund/ AMC. By choosing to invest in the Mutual Fund, it is construed that investor is providing explicit consent to AMC, RTA and other entities engaged by AMC to process investor data in their roles as per existing & prospective processes determined by Mutual Fund /AMC from time to time

- 24) If the investor wishes to invest directly, i.e. without involving the services of any agent or broker, “DIRECT” should be mentioned in the space provided for “ARN Number” in the application form. Any subsequent change/updation/removal of broker code will be based on the written request/authentication from the Unit holder and will be on a prospective basis only from the date when the Registrar executes such written instruction.
- 25) Investor/s also have the provision to specify in the application / transaction form the unique identity number (EUIIN) of the employee/relationship manager/ salesperson of the distributor interacting with the investor/s for the sale of mutual fund products, along with AMFI Registration Number (ARN) of the distributor and sub-distributor ARN (if applicable). Investors are hereby requested to note the following with respect to EUIIN and ARN:
- a) AMFI has allotted EUIIN to all the salesperson of AMFI registered distributors.
 - b) Investor/s shall ask and specify the valid ARN code, sub-distributor ARN (if applicable) and the valid EUIIN of the sub-distributor /salesperson in the application/transaction form. This will assist in handling the complaints of mis-selling if any, even if the salesperson on whose advice the transaction was executed leaves the employment

of the distributor.

- c) Investors are requested to use the new application /transaction forms which have space for sub broker ARN code and EUIN.
- d) If EUIN is not mentioned in the application form, it will be assumed as Execution Only transaction
- e) In cases of wrong/ invalid/ incomplete ARN, any purchase or switch-in or SIP & STP registration shall be processed under Direct Plan or rejected depending on the mode of the transaction. "Invalid ARNs" shall include ARN validity period expired, ARN cancelled /terminated, ARN suspended, ARN Holder deceased, Nomenclature change, as required pursuant to IA Regulations, not complied by the MFD, MFD is debarred by SEBI, ARN not present in AMFI ARN database, ARN not empanelled with AMC

26) Signature(s) in application form should be in English or in any of the Indian languages specified in the Eighth Schedule of the Constitution of India. Thumb impressions and signatures in languages not specified in the Eighth Schedule of the Constitution of India should be attested by a magistrate or a Notary Public or a special Executive Magistrate under his/her official seal. Applications by minors should be signed by their guardian(s). In the case of an HUF, the Karta should sign on behalf of the HUF. In the case of company, Authorized officials should sign the form under their official designation and company seal. A list of specimen signatures of the authorized officials, duly certified and attested should also be attached to the application form. In case of trust fund, a resolution from the trustee(s) authorizing such purchase or investment should be submitted.

27) Non-acceptance of subscriptions from U.S. Persons and Residents of Canada in Scheme(s) of the Fund:

No fresh purchases /additional purchases/switches in any Schemes of the Fund would be allowed. If an existing Unit Holder(s) subsequently becomes a U.S. Person or Resident of Canada, then such Unit Holder(s) will not be able to purchase any additional Units in any of the Scheme of the Fund.

The AMC reserves the right to reject the transaction request or redeem with applicable exit load and TDS or reverse allotted units, as the case may be, as and when identified by the AMC, which are not in compliance with the terms and conditions notified in this regard.

For transaction from Stock Exchange platform, while transferring units from the broker account to investor account, if the investor has U.S./Canadian address, then the transactions, subject to the above mentioned conditions, may be rejected.

In case the AMC/Fund subsequently identifies that the subscription amount is received from U.S. Person(s) or Resident(s) of Canada, in that case the AMC/Fund at its discretion shall redeem all the units held by such person from the Scheme of the Fund at applicable Net Asset Value.

28) Non acceptance of Third-Party Payments

- a) "Third Party Payment" refers to payment made from a bank account other than that of the first unitholder/applicant. For a payment to be not considered as a third-party payment, the sole holder or the 1st holder of the folio (depending upon whether the folio is 'singly' or 'jointly' held) must be one of the joint holders of the bank account from which payment is made.
- b) In accordance with PMLA and AMFI guidelines dated August 16, 2010 on 'Risk mitigation process, payments by third party for investment in schemes of the Fund are not be accepted except in the following cases:
 - i. Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding INR 50,000 (each regular purchase or per SIP instalment). However, this restriction will not be applicable for payment made by a guardian whose name is registered in the records of mutual fund in that folio.
 - ii. Payment by Employer on behalf of employee under Systematic Investment Plans or lump sum / one-time subscription, through Payroll deductions or deductions out of expense reimbursements
 - iii. Custodian making investments on behalf of a FII/FPI/Client.
 - iv. Payment by AMC to a Distributor empanelled with it on account of commission/incentive etc. in the form of the Mutual Fund Units of the Funds managed by such AMC through Systematic Investment Plans or lump sum / one-time subscription, subject to compliance with SEBI Regulations and Guidelines issued by AMFI, from time to time
 - v. Payment by Corporate to its Agent/Distributor/Dealer (similar arrangement with Principal Agent relationship), on account of commission/incentive payable for sale of its goods/services, in the form of the Mutual Fund Units through Systematic Investment Plans or lump sum / one-time subscription, subject to compliance with SEBI Regulations and Guidelines issued by AMFI, from time to time. Related Persons' means any person investing on behalf of minor in consideration of natural love or affection or as a gift.

- c) In case the payment falls under the above-mentioned exceptions, the following

additional documents will be required to be provided together with the application form, failing which the application will be rejected/not processed/refunded without interest:

- i. KYC Acknowledgment letter of the Investor and the person making the payment; and
 - ii. A duly filled “Third Party Payment Declaration Form” from the Investor (guardian in case of a minor) and the person making the payment. The said form shall be available on the Mutual Fund’s website and at Investor Service Centers (ISCs).
 - iii. The Declaration form shall, inter alia, contain the details of bank account from which the payment is made and the relationship with the investor(s). Investors are requested to use the standard forms available and not make any changes to the forms. Any form that is not in the prescribed format will not be accepted as valid.
- d) To substantiate that the payment is not a third-party payment i.e. the payment is from a bank account where the first unit holder is an account holder, investors must mention the bank account number, bank name and branch address from where the payment is issued on the application form. These details should match with the details on payment cheque/ document (as applicable).
- e) In case the bank account holder’s name/s is not pre-printed on the payment instrument, investor should attach latest and certified bank passbook copy/bank statement or letter from bank certifying that the investor maintains the account with the bank in order to substantiate that the first named unit holder is one of the joint holders of the bank account.
- f) The AMC reserves a right to reject the transaction and refund the funds without any interest or call for additional details, if payment bank account and other details are not mentioned in the application form / online transaction mode and/or do not match with payment instrument and/or necessary documents/declaration are not attached or are insufficient. In case the funds are transferred to the Mutual Fund account prior to the application rejection, then amount transferred may not be refunded or redeemed unless the investor establishes KYC with additional documentation.
- 29) Mode of payment: The following mode of payment can be used by Resident Investors:
- a) Electronic Funds Transfer (EFT) over the internet or by way of direct credit/ Real Time Gross Settlement (RTGS)/National Electronic Funds Transfer (NEFT) / Unified Payment Interface (UPI) / Immediate Payment Service (IMPS) to designated scheme collection account by clearly mentioning the name of the investor and application

number in the remark. If IFSC code provided in application form is Null or Incorrect/Invalid, then AMC/RTA reserves the right to update/overwrite/correct the details as per RBI master.

- b) Through MICR cheque drawn on any bank which is a member of the Banker's Clearing House /Zone in a city where the application is submitted to a designated Collection Centre (ISC). The cheques issued should confirm to the CTS 2010 standards in banking industry and be payable locally at the centre where the application forms / transaction request is submitted.
- c) To avoid fraud and prevent misuse of payment instruments, investors are advised to draw payment instrument (i.e. cheque,) favouring in the name of the scheme.
- d) Bank charges, if any will be borne by the AMC subject to such conditions as prescribed by the AMC from time to time.
- e) Payment through Stock invest/Cash/Pay Order will not be accepted as a mode of payment. Payment by postdated cheques will not be accepted. Outstation Cheques/Demand Draft would not be accepted. Facility for Payment by Demand Draft is not available. The investor requires to submit any of the following documents along with such pre-funded instruments: (i) a proof of debit to the investor's bank account in the form of a bank manager's certificate with details of account holder's Name, bank account number and PAN as per bank records, if available; or (ii) a copy of the acknowledgement from the bank, wherein the instructions to debit carry the bank account details and name of the investor as an account holder are available; or (iii) a copy of the passbook/bank statement. The Trustee shall have absolute discretion to accept/reject any application for purchase of Units, if in the opinion of the Trustee, increasing the size of Scheme's Unit capital is not in the general interest of the Unit holders, or the Trustee for any other reason believes it would be in the best interest of the Schemes or its Unit holders to accept/reject such an application.
- f) With respect to online transactions, payment can also be made through various modes as may be offered on digital platforms from time to time
- g) In respect of New Fund Offer (NFO) of Schemes/Plan(s) other than NFOs of Exchange Traded Schemes(ETFs), an investor can subscribe to the NFO through Applications Supported by Blocked Amount (ASBA) facility by applying for the Units offered under the Option(s) of the Scheme(s) in the ASBA Application Form and following the procedure as prescribed in the form. For details please refer to the Section "Applications Supported by Blocked Amount (ASBA) facility"
- h) The AMC, at its discretion later, may choose to alter or add other modes of payment.
- i) Payment Through ASBA: ASBA is an application containing an authorization to a Self - Certified Syndicate Bank (SCSB) to block the application money in the bank account maintained with the SCSB, for subscribing to a New Fund Offer.

The list of Banks that have been notified by SEBI to act as a SCSB for the ASBA process as provided on www.sebi.gov.in. It shall co-exist with the existing process, wherein cheques are used as a mode of payment. Please refer ASBA application form for detailed instructions. Investors intending to apply through ASBA will be required to submit ASBA form to their respective banks, which in turn will block the amount in their account as per authority contained in the ASBA form. ASBA form should not be submitted at location other than SCSB as it will not be processed. For details on ASBA process please refer the ASBA application form. (Please refer “Other Information” of this document for further information on ASBA)

30) Application from NRI, FII and PIOs

In terms of Schedule 5 of Notification no. FEMA 20/2000 dated May 3, 2000, RBI has granted general permission to NRIs to purchase, on repatriation basis units of domestic mutual funds. Further, the general permission is also granted to NRIs to sell the units to the mutual funds for repurchase or for the payment of maturity proceeds, provided that the units have been purchased in accordance with the conditions set out in the aforesaid notification.

For the purpose of this section, the term “mutual funds” is as referred to in Clause (23D) of Section 10 of Income-Tax Act 1961. However, NRI investors, if so desired, also have the option to make their investment on a non-repatriable basis. In case of NRI investments, the applications and the rupee draft have to be accompanied by the debit certificate from the bank on which cheque is drawn.

A person who falls within the definition of the term “U.S. Person” under the “Regulation S” promulgated under the Securities Act of 1933 of the United States, and corporations or other entities organised under the laws of the U.S. are not eligible to invest in the schemes and apply for subscription to the units of the schemes.

The AMC reserves the right to put the transaction requests on hold/reject the transaction request/reverse allotted units, as the case may be, as and when identified by the AMC, which are not in compliance with the terms and conditions notified in this regard.

Persons of Canada will not be permitted to make any fresh purchases/additional purchases/switches/SIPs in any Schemes of the Mutual Fund (via internet or otherwise). However, any investment made before becoming person(s) of Canada will be allowed to be redeemed. In case the debit certificate is not provided, the AMC reserves the right to

reject the application of the NRI investors.

31) Application by Foreign Portfolio Investors (FPI):

In terms of Schedule 5 of Notification no. FEMA 20/2000 dated May 3, 2000, RBI has granted general permission to a registered FII to purchase on a repatriation basis units of domestic mutual funds subject to the conditions set out in the aforesaid notification. Further, the general permission is also granted to FPIs to sell the units to the mutual funds for repurchase or for the payment of maturity proceeds, provided that the units have been purchased in accordance with the conditions set out in the aforesaid notification. For the purpose of this section, the term “mutual funds” is as referred to in Clause (23D) of Section 10 of Income-Tax Act 1961.

Further, Foreign Portfolio Investor can transact in the schemes of the Fund subject to applicable guidelines. Foreign Portfolio Investor means a person who satisfies the eligibility criteria prescribed under regulation 4 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended from time to time. The Rupee Draft in case of NRI and FPI investments should be drawn in favor of – “Respective Scheme Name – NRI/FPI A/c”

- a) Mode of payment on Repatriation basis: FPIs may pay their subscription amounts either by way of inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-resident Rupee Account maintained by the FPI with a designated branch of an authorized dealer with the approval of the RBI subject to the terms and conditions set out in the aforesaid notification.

In case Indian rupee drafts are purchased abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts, an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

In case of NRIs and persons of Indian origin residing abroad, payment may be made by way of Indian Rupee drafts purchased abroad and payable at the collecting bank branch locations of HDFC Bank and/or any other bank or by the way of cheques drawn on Non-Resident (External) (NRE) Accounts payable at designated bank collection centres or at specified AMC branches.

All cheques/drafts should be made out in favour of the Scheme name as provided in the Scheme Information Documents (SID) of respective schemes – NRI /FII A/C” and crossed “Account Payee Only”.

- b) Mode of payment on Non-Repatriation basis: NRIs and PIOs may pay their subscription amounts by cheques drawn out of Non-Resident Ordinary (NRO) accounts/Non-Resident Special Rupee (NRSR) accounts and Non-Resident Non Repatriable (NRNR) accounts payable at the city where the application form is accepted and/or branch of designated bank(s).

32) Applications under Power of Attorney / Body Corporate/ Registered Society/ Partnership or Sole Proprietorship Account: Applications under a Power of Attorney shall be accompanied by the relevant Power of Attorney, or duly certified copy thereof. KYC of the POA holder is also a mandatory requirement.

- a. Every investor, depending on the category under which he/she/ it falls, is required to provide the relevant documents along with the application form as may be prescribed by AMC. In case of an application under the Power of Attorney or by a limited company, body corporate, registered society or partnership etc., the relevant Power of Attorney or the relevant resolution or authority to make the application as the case may be, or duly certified copy thereof, along with the memorandum and articles of association/bye-laws must be lodged at the RTA's Office at the time of submission of application. In case an investor has issued Power of Attorney (POA) for making investments, switches, redemptions etc. under his folio, both the signature of the investor and the POA holder have to be clearly captured in the POA document to be accepted as a valid document. At the time of making redemption / switches the fund would not be in a position to process the transaction unless, POA holder's signature is available in the POA.
- b. Original or certified true copies of the following documents should be submitted by Companies/Bodies Corporate/PSUs/Banks and Financial Institutions along-with the application form:
 - i. Board resolution authorizing the investment,
 - ii. List of authorized officials to make such investment along with the specimen signature of such authorized officials,
 - iii. Know Your Client (KYC), FATCA, CRS & Ultimate Beneficial Ownership (UBO) Self Certification
- c. The onus of authentication of the documents shall be on the Investors and the

AMC/Fund will accept and act on these in good faith wherever the documents are not expressly authenticated. Submission of these documents by such Investors shall be full and final proof of the corporate investors' authority to invest and the AMC/Fund shall not be liable under any circumstances for any defects in the documents so submitted. In case of fresh/additional purchases from the sole proprietorship account, the AMC shall process the application after matching the name and signature of the applicant on the application form/transaction slip and the payment instrument/cheque. In case the name of an applicant mentioned in the application form/transaction slip differs from the name on payment instrument/cheque, then the AMC may process the application and allot units at the applicable Net Asset Value, after obtaining self-declaration certificate from the applicant, as prescribed by the AMC. In case the self-declaration is not furnished by the applicant, the AMC reserves the right to process/reject the application form without any reference to the applicant after carrying out necessary diligence, as deemed appropriate by the AMC.

33) **Joint Applicants:** In the event an account has more than one registered owner, the first-named holder (as determined by reference to the original Application Form) shall receive the Account Statement, all notices and correspondence with respect to the Account, as well as the proceeds of any redemption requests or IDCW or other distributions. In addition, such Unit holders shall have the voting rights, as permitted, associated with such Units, as per the applicable guidelines. Applicants can specify the 'mode of holding' in the Application Form as 'Jointly' or 'Anyone or Survivor'. In the case of holding specified as 'Jointly', redemptions and all other requests relating to monetary transactions would have to be signed by all joint holders. However, in cases of holding specified as 'Anyone or Survivor', any one of the Unit holders will have the power to make redemption requests, without it being necessary for all the Unit holders to sign. However, in all cases, the proceeds of the redemption will be paid to the first-named holder.

34) **Application from Sole Proprietorship Account:** Applications for fresh/additional purchases from sole proprietorship accounts shall be processed after matching the name and signature of the applicant on the application form/transaction slip and the payment instrument/cheque. In case the name of an applicant mentioned in the application form/transaction slip differs from the name on payment instrument/cheque, then the AMC may process the application and allot units at the applicable Net Asset Value, after obtaining self declaration certificate from the applicant, as prescribed by the AMC. In case the self-declaration is not furnished by the applicant, the AMC reserves the right to process/reject the application form without any reference to the applicant after carrying out necessary diligence, as deemed appropriate by the AMC.

35) **Investment on behalf of Minors:** In addition to the existing procedures, the following procedures shall apply to the investments made on behalf of Minors:

- a. Payment for investment by means of Cheque, or any other mode shall be accepted from the bank account of the minor, parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian only, else the transaction is liable to get rejected. Facility for Payment via Demand Draft is not available. However, irrespective of the source of payment for subscription, all redemption proceeds shall be credited only in the verified bank account of the minor, i.e. the account the minor may hold with the parent/ legal guardian after completing all KYC formalities.
- b. For systematic transactions in a minor's folio, AMC would register standing instructions till the date of the minor attaining majority, though the instructions may be for a period beyond that date. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC details, updated bank account details including cancelled original cheque leaf of the new account. No further transactions shall be allowed till the status of the minor is changed to major.
- c. The minor shall be the sole holder in an account. There shall not be any joint accounts with the minor, either as the first holder or as joint holder. Guardian in the folio on behalf of the minor should either be a natural guardian (i.e. father or mother) or a court appointed legal guardian. In case of natural guardian, a document evidencing the relationship with the minor shall be submitted. In case of court appointed legal guardian, a copy of the court order in respect of the appointment of the Legal Guardian shall be submitted. If the document evidencing relationship of minor with legal guardian not available, A copy of the Death Certificate of the deceased guardian, where applicable, duly attested by a Notary Public or a Judicial Magistrate First Class (JMFC) or a Gazetted Officer. The attestation may also be done by authorised official of the AMC after verifying the original.
- d. **Documents required while opening the account on behalf of minor:** An attested photocopy of the following duly attested by a Notary Public or a Judicial Magistrate First Class (JMFC) or a Gazetted Officer:
 - Birth certificate of the minor, or
 - School leaving certificate / Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE etc., or
 - Passport of the minor, or

- Any other suitable proof evidencing the date of birth of the minor.

36) **Change of Status from Minor to Major:** Prior to the minor unit holder attaining the age of majority, the AMC/ Mutual Fund will send a notice to the minor unit holder at the registered correspondence address /email id advising such minor unit holder to submit, on attaining the age of majority, an application form along with prescribed documents to change the status of the folio/s from 'minor' to 'major'. Upon attainment of majority by the minor unit holder, the folio/s should be regularized forthwith. The AMC may specify such procedures for regularisation of the Folio/s, as it may deem appropriate from time to time. Till the receipt of such intimation/information from the minor turned major Unit holder, existing contract as signed by the parent/legal guardian of the minor Unit holder will continue. However, from the date of attainment of majority, Folio/s of the minor unit holder will be frozen for operation by the representing guardian and all transactions will be suspended. No transactions will be permitted in the Folio(s) till the regularization of the Folio/s in a manner prescribed by the AMC / Mutual Fund. The AMC/ Mutual Fund will register standing instructions like SIP/ STP etc. for a folio held by a minor unit holder from the parent/ legal guardian only till the date when the minor unit holder attains the age of majority, even though the instructions may be for a period beyond that date.

37) **Change of Guardian:** The guardian can be changed in a folio held "on behalf of a minor", either due to mutual consent or demise of the existing guardian. However, the new guardian can only be either a natural guardian (i.e. father or mother) or a court appointed legal guardian. New guardian should submit documentary evidence confirming the relationship with the minor, bank attestation attesting his/her signature and KYC compliance acknowledgment. The following documents should be submitted for registration of the new guardian:

- Request letter from the new guardian;
- No Objection Letter (NOC) or Consent Letter from existing guardian
- Copy of PAN Card of the new guardian
- KYC acknowledgement or KYC Form of the new guardian;
- Attested copy of the Death Certificate of the deceased guardian, where applicable.
- Attested copy Court Order if the change of guardian is due to appointment of Legal guardian by the court.
- Documentary evidence showing relationship of the new guardian with the Minor (such as minor's Passport/ birth certificate/ PAN Card/ school leaving certificate etc. wherein the name of the new guardian is mentioned.
- A cancelled cheque evidencing the change of guardian in respect of minor's registered bank account with the new Guardian's name.

- Bank attestation attesting the signature of the new guardian in a bank account of the minor where the new guardian is registered as the guardian;
- Additional KYC, FATCA and CRS- Self Certification

*To be duly attested by a Notary Public or a Judicial Magistrate First Class or a Gazette Officer

38) **Manner of submitting requests for transactions:** For any financial and non-financial transactions, investors shall use the standard request form(s) prescribed by the AMC, which are also available on its website/OPATs. Any request received in nonstandard formats (other than one prescribed by AMC) are liable to be rejected and the AMC reserves the right to process such requests subject to completeness and unambiguity. Investors are requested to provide details/instructions only in the space provided in the request form. In case, information/noting/instruction provided at a non-designated area of the standard form being used or any additional details for which space is not specified in the standard form, the AMC reserves the right to process such request. Further, post processing of any financial or non-financial request, the AMC endeavours to inform the investor either through letter or email or SMS the information provided in the request form. Investors are requested to review the accuracy and completeness of such requests before start/effective date and contact the AMC/RTA in case of any discrepancy. The investors shall check their demat accounts for allotment of Units within 2 Business Days of the NFO closure. For processing of any financial and non-financial transactions, the AMC will endeavour to process such request within 10 Business Days from the receipt of such request, unless specified otherwise in SAI/ SIDs/ KIMs or SEBI/ AMFI guidelines.

39) **Bank Account Details / Multiple Bank Account Registration:** It is mandatory for all investors to provide their bank mandate which will be used for payment of redemption/Payout of Income Distribution cum Capital Withdrawal. Applications without the mandatory bank details and supporting documents are liable to be rejected. Investors should ideally mention account details of the same bank account from where the payment towards purchase is made. If the bank account details mentioned are different from purchase pay-in bank, investors should attach a cancelled cheque off the said account with name and account number pre-printed. Should the investor fail to provide the documents, the Fund/AMC/RTA reserve the right to register the pay-in bank details as the redemption bank details and use such bank account for payment of any redemption/Income Distribution cum Capital Withdrawal proceeds.

The Mutual Fund offers its Unit holders, facility to register multiple bank accounts for pay-in & payout purposes and designate one of the registered bank account as “Default Bank

Account”. This facility can be availed by using a designated “Bank Accounts Registration Form. In case of new investors, the bank account mentioned on the purchase application form used for opening the folio will be treated as default bank account till a separate request to register multiple bank accounts and change the default bank account to any of other registered bank account is submitted by such investor. Registered bank accounts may also be used for verification of pay ins (i.e. receiving of subscription funds) to ensure that a third party payment is not used for mutual fund subscription.

40) Change of Bank: New bank accounts can be registered by submitting the change of Bank mandate form. If Unit holder(s) provide a new and unregistered bank mandate or a change of bank mandate request with specific redemption/ Income Distribution cum Capital Withdrawal payment request (with or without necessary supporting documents), such bank account will not be considered for payment of redemption/ Income Distribution cum Capital Withdrawal proceeds, or the Mutual Fund withhold the payment for upto 10 calendar days to ensure validation of new bank mandate mentioned. In cases where a request for Change of Bank account has been received just prior to (upto 10 days prior) OR simultaneously with redemption request. In all such cases, the AMCs may make the redemption payment after the cooling off period of 10 days from the date of receipt of COBM. The redemption transaction shall be processed as per the applicable NAV on the basis time stamp. The credit may either be given in the existing bank account or the new bank account post due diligence within 1 Business Day after cooling off period.

Investors are requested to note the following with respect to the Multiple Bank Registration Facility / Change of Bank:

- a) Bank registration/deletion request from Unit holder(s) will be accepted and processed only if all the details and necessary documents are attached. The request is liable to be rejected if it is not filled completely and in case of any ambiguous/incorrect/incomplete information.
- b) The first/sole Unit holder in the folio should be amongst any one of the bank account holders. Unit holder(s) cannot provide the bank account(s) of any other person or where the first/sole Unit holder is not an account holder in the bank account provided.
- c) Unit holder(s) need to attach the original cancelled cheque of the old and new bank account for updating/changing the bank details in the folio. This will help in verification of the account details and register them accurately. Where multiple banks are registered in the folio, cancelled cheque of any one of the old bank accounts will need to be provided along with the original cancelled cheque of the new bank account.
- d) In case original old bank proofs is not available, investors will have to visit the AMC or KFIN ISC branches for doing In Person Verification (IPV) along with Original

Plan/Photo identification proofs & new bank cheque copy.

- e) All documents submitted should clearly evidence the bank name, account number and name of all bank account holders.
- f) While registering multiple bank accounts, the Unit holder(s) has to specify any one bank account as the 'Default Bank Account'.
- g) If the 'Default Bank Account' is not specified or is unclear, the Mutual Fund reserves the right to designate any of the bank accounts as 'Default Bank Account'. Default Bank Account will be used for all Income Distribution cum Capital Withdrawal, redemption and maturity payouts
- h) Investors can change the default bank account by submitting the Bank Account Registration form. In case multiple bank accounts are opted for registration as default bank account, the mutual fund retains the right to register any one of them as the default bank account at its discretion.
- i) Bank account Details with redemption request: Please note the following important points related to payment of redemption proceeds:
 - 1) Proceeds of any redemption request will be sent only to a bank account that is already registered and validated in the folio at the time of redemption transaction processing
 - 2) Unit holder(s) may choose to mention any of the existing registered bank account with redemption request for receiving redemption proceeds. If no registered bank account is mentioned, default bank account will be used.
 - 3) If unit holder(s) provides a new bank mandate or a bank mandate which has not been previously registered with a specific redemption request (with or without necessary supporting documents) such bank account may not be considered for payment of redemption proceeds and proceeds will be sent to existing registered bank account only entirely at the risk of the unit holder(s) and the fund will not be liable for the same under any circumstances.
 - 4) Change of bank mandate would also not be processed based on the request submitted along with the redemption request and the investor will have to submit a fresh request for change of bank mandate with supporting documents.
- j) The registered bank accounts will also be used to identify the pay-in proceeds. Hence, unit holder(s) are advised to register their various bank accounts in advance using this facility and ensure that payments for ongoing purchase transactions are from any of the registered bank accounts only, to avoid fraudulent transactions and potential rejections due to mismatch of pay in bank details with the accounts registered in the folio
- k) This facility of multiple bank registration requests or any subsequent addition/change/deletion in the registered bank accounts would be affected within 10 (Ten) Business

Days from the receipt of a duly completed application form at the office of the Registrar in Hyderabad and a confirmation letter will be sent within 15 (Fifteen) Business Days. Unit holder(s) should preserve this letter for their reference, as the account statement will reflect default bank mandate only.

- l) The requests for addition/change/deletion/modification in the registered bank account(s) should be submitted using the designated application form only. Requests received on a plain paper/any other formats are liable to be rejected
- m) The Mutual fund, AMC, its registrar and other service providers shall not be held liable for any loss arising to the unit holder(s) due to the credit of the redemption proceeds into any of the bank accounts registered in the folio.

41) Transaction through Stock Exchange mode and option to hold units in dematerialized form:

- a) A Unit holder may purchase / redeem units of eligible schemes through the Stock Exchange infrastructure. The investors will be eligible to only purchase / redeem units of the eligible schemes. The list of eligible schemes is subject to change from time to time. Investors have an option to hold the units in physical or dematerialized form.
- b) In order to facilitate transactions in mutual fund units through the stock exchange infrastructure, BSE has introduced BSE STAR MF Platform and NSE has introduced NSE Mutual Fund Platform (NMF). NFO may or may not be available on Exchange Platforms. Switch transactions are also permitted through stock exchange platform provided by BSE Limited (BSE), subject to such operating guidelines, terms and conditions as may be prescribed by BSE and NSE from time to time.
- c) Additionally, the units of the Scheme(s) are permitted to be transacted through Clearing Members of the registered Stock Exchanges. Further, the Depository Participants of registered Depositories are permitted to process only redemption request of units held in demat form.
- d) Mutual fund Distributors (MF Distributors) registered with Association of Mutual Funds in India (AMFI) and permitted by the concerned recognized stock exchanges shall be eligible to use the recognized stock exchange's infrastructure to purchase and redeem mutual fund units in demat and non-demat mode on behalf of the investors, directly from the AMC/ the Fund. The MF distributors shall not handle payout and pay in of funds as well as units on behalf of investor. Pay in will be directly received by recognised clearing corporation and payout will be directly made to investor account. In the same manner, units shall be credited and debited directly from the demat account of investors. The facility of transacting in mutual fund schemes through stock

exchange infrastructure is available subject to such operating guidelines, terms and conditions as may be prescribed by the respective Stock Exchanges from time to time.

- e) Investors desirous of transacting through the stock exchange mode and want to hold the units in the dematerialized form may be required to have a demat account with NSDL/CDSL

Option to hold units in dematerialized form:

- a) Investors subscribing for Units may opt to hold Units in dematerialized mode by providing details of their demat account in the purchase request submitted by them. Units shall be allotted in physical form by default (represented by the statement of account), unless the investors intimate their intention of holding Units in demat form by submitting the demat account details. This option shall be available in accordance with the provisions laid under the respective scheme(s) and in terms of guidelines/ procedural requirements as laid by the depositories (NSDL/ CDSL) from time to time.
- b) The option to hold Units in demat form shall not be available to investors subscribing for Units under the Daily Reinvestment of Income Distribution cum Capital Withdrawal / Weekly Payout of Income Distribution cum Capital Withdrawal options (if any) under various schemes of the Fund. Investors intending to hold the Units in Demat form are required to have a demat account with the Depository Participant (DP) registered with NSDL/CDSL and will be required to provide the DP's name, DP ID number and the beneficiary account number of the Unit holder with the DP. Investors should attach copy of either Client Master List / Transaction Holding Statement / Delivery Instruction Slip (DIS) to verify the demat details provided in the form. In case the Demat account details are not provided or the details are incomplete or the details do not match with the records as per Depository(ies), Units will be allotted in physical form.
- c) The sequence of names/pattern of holding as mentioned in the purchase request must be same as that in the demat account. Units shall be credited to the investors' demat account only after the funds are credited into the Mutual Fund's scheme(s) account to the satisfaction of the AMC.
- d) Investors holding units in demat mode cannot directly approach the Mutual Fund to redeem or switch the units by submitting a physical request. Investors should approach the BSE or NSE Stock Exchange Platform to submit the redemption or switch

request. Investors can also approach their Depository Participant (DP) to submit the redemption request.

- e) For any change in static information like address, bank details, nomination, contact etc. investors should approach their respective depository participant. The Mutual Fund/ISCs will not accept any request directly for transactions or service requests in respect of Units held by the investors in demat form
 - f) In case, the Unit holder desires to hold the Units in a Dematerialized/Rematerialized form later, the request for conversion of units held in non-demat form to Demat (electronic) form or from Demat form to non-demat or physical form should be submitted along with a Demat/Remat Request Form to their Depository Participants.
 - g) Dematerialization/Rematerialization of Units will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 1996 as may be amended from time. Units held in demat form will be transferable subject to the provisions laid under the respective Scheme(s)/Plan(s) and in accordance with provisions of Depositories Act, 1996 and the SEBI (Depositories and Participants) Regulations, 1996 as may be amended from time to time.
 - h) The Mutual Fund/AMC will not send any account statement for units held in demat mode and investors should approach their DPs for the account statement.
- 42) Facility to transact in units of the Schemes through MFU (MF Utilities India Private Ltd) and MF Central :
- a) Investors can execute financial and non-financial transactions pertaining to Schemes of the Mutual Fund electronically on the MFU (www.mfuonline.com) and MF Central portal (<https://www.mfcentral.com>), as and when such a facility is made available by the respective platforms transactions subject to terms, conditions and processes adopted by these platforms.
 - b) The AMC will enter into an Agreement with MFUI, for usage of MF Utility ("MFU") - a shared services initiative of various Asset Management Companies, which acts as a transaction aggregation portal for transacting in multiple schemes of various Mutual Funds with a single form and a single payment instrument.
 - c) Accordingly, all financial and non-financial transactions pertaining to Schemes of the Mutual Fund can be done through MFU at the authorized Points of Service ("POS") of MFUI. The list of POS of MFUI published on the website of MFUI at www.mfuindia.com

as may be updated from time to time will be considered as Official Points of Acceptance of transactions (OPAT) for transactions in the Scheme(s) of the Mutual Fund. Additionally, such transactions can also be carried out electronically on Online Transaction Portal i.e. www.mfuonline.com and that this portal will also be considered as OPAT for transactions in the Scheme(s) of the Mutual Fund. The Online Transaction Portal of MFU i.e. www.mfuonline.com and the POS locations of MFUI will be in addition to the existing OPATs of the AMC.

- d) The uniform cut-off time as prescribed by SEBI and as mentioned in the SID / KIM of respective Scheme(s) shall be applicable for applications received through MFUI. However, investors should note that transactions through MFUI shall be subject to the eligibility of the investors, any terms & conditions as stipulated by MFUI / the Mutual Fund / the AMC from time to time and any law for the time being in force.
- e) Investors are requested to note that MFUI will allot a Common Account Number (“CAN”), a single reference number for all investments in the Mutual Fund industry, for transacting in multiple Schemes of various Mutual Funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form and necessary documents at the MFUI POS. The AMC and / or its Registrar and Transfer Agent shall provide necessary details to MFUI as may be needed for providing the required services to investors / distributors through MFU. Investors are requested to visit the website of MFUI i.e. www.mfuindia.com to download the relevant forms. Investors transacting through MFU shall be deemed to have consented to exchange of information viz. personal and/or financial (including changes, if any) between the Mutual Fund/the AMC and MFUI and/or its authorized service providers for validation and processing of transactions carried out through MFU.
- f) MF Central as OPAT: As per Master Circular, KFin Technologies Private Limited (“KFintech”) and Computer Age Management Services Limited (“CAMS”) have jointly developed MFCentral - A digital platform for transactions/ service requests by Mutual Fund investors. Accordingly, MF Central will be considered as an Official Point of Acceptance (OPA) for transactions in the Schemes of the Mutual Fund.

MFCentral is created with an intent to be a one stop portal / mobile app for all mutual fund investments and service-related needs that significantly reduces the need for submission of physical documents by enabling various digital / physical services to Mutual fund investors across fund houses subject to applicable T&Cs of the Platform. MFCentral will be enabling various features and services in a phased manner.

MFCentral may be accessed using <https://mfcentral.com> and a Mobile App in future with a view to comply with all provisions of the applicable circulars and to increase digital penetration of mutual funds, the Mutual Fund designates MFCentral as its Official point of acceptance (OPAT). Any registered user of MFCentral, requiring submission of physical document as per the requirements of MFCentral, may do so at any of the designated Investor Service centres or collection centres of KFinTech or CAMS. The AMC reserves the right to modify the terms and conditions or to discontinue the facility at any point of time.

43) Application through RTA: Online transactions through KFIN Online website for KFIN - Registrar and Transfer Agent ("RTA") for the Mutual Fund has built an online website mfs.kfintech.com wherein investors / unit holders can transact in the schemes of the Mutual Fund by opening an account on RTA Website/portal/mobile app ("**Online Facility**"). The transactions in the Scheme(s) of the Mutual Fund through this online facility be allowed as may be facilitated by RTA on its website. RTA online Website/portal/mobile app/server be considered as OPAT. Investors/ unitholders please note that only KYC complied investor/unitholders or KYC process to be completed before transaction submission allowed to use this online facility/portal/mobile app. For the purpose of determining the applicability of NAV, time of transaction would be the time when request for subscription/sale/switch of units is received in the servers of AMC/RTA.

44) Online Transactions through website of the Mutual Fund: Facility of online transactions is available on the official website of the Mutual Fund. Consequent to this, the said website is declared to be an "OPAT" for applications for subscriptions, redemptions, switches and other facilities. The uniform cut-off time as prescribed by SEBI and as mentioned in the SID shall be applicable for applications received on the website. However, investors should note that transactions on the website shall be subject to the eligibility of the investors, any terms & conditions as stipulated by the Mutual Fund/AMC from time to time and any law for the time being in force. The AMC reserves the right to modify the terms and conditions or to discontinue the facility at any point in time.

45) Application via Electronic Mode

Subject to the investor fulfilling certain terms and conditions stipulated by the AMC as under, AMC, Mutual Fund, the Registrar may accept transactions through any electronic mode ("web/electronic transactions") as permitted by SEBI or other regulatory authorities:

a) The acceptance of the web/electronic transactions will be solely at the risk of the transmitter of the web/electronic transactions and the Recipient shall not in any way

be liable or responsible for any loss, damage caused to the transmitter directly or indirectly, as a result of the transmitter sending or purporting to send such transactions

- b) The recipient will also not be liable in the case where the transaction sent or purported to be sent is not processed on account of the fact that it was not received by the recipient.
- c) The transmitter's request to the recipient to act on any web/ electronic transmission is for the transmitter's convenience and the recipient is not obliged or bound to act on the same.
- d) The transmitter acknowledges that web/electronic transactions is not a secure means of giving instructions/ transactions requests and that the transmitter is aware of the risks involved including those arising out of such transmission.
- e) The transmitter authorizes the recipient to accept and act on any web/ electronic transmission which the recipient believes in good faith to be given by the transmitter and the recipient shall be entitled to treat any such web/electronic transaction as if the same was given to the recipient under the transmitter's original signature.
- f) The transmitter accepts that the web transactions shall not be considered until time stamped as a valid transaction request in the scheme in line with SEBI regulations. For electronic transactions, the time of transaction would be the time when the request of purchase /redemption /switch /SIP/STP/SWP other facilities is received on the servers of AMC/RTA as per terms and conditions of such facilities. vii. In consideration of the recipient from time to time accepting and at its sole discretion acting on any web/electronic transaction request received/ purporting to be received from the transmitter, the transmitter agrees to indemnify and keep indemnified the AMC, Directors, employees, agents, representatives of the AMC, Mutual Fund and Trustees from and against all actions, claims, demands, liabilities, obligations, losses, damages, costs and expenses of whatever nature (whether actual or contingent) directly or indirectly suffered or incurred, sustained by or threatened against the indemnified parties whatsoever arising from or in connection with or any way relating to the indemnified parties in good faith accepting and acting on web/electronic transaction requests including relying upon such electronic transaction requests purporting to come from the transmitter and their authorised personnel even though it may not come from the transmitter and their authorised personnel.

46) Acceptance of Financial transactions through email in respect of non-individual Investors: The facility of carrying out commercial transactions through Designated E-mail, in units of the Schemes of Mutual Fund, is available for non-individual investors subject to the following terms and conditions. The Mutual Fund declares its Designated E-mail server as one of the Officials Points of Acceptance of Transactions.

Following investors may transact through designated email, who are KYC (Know Your Client) Compliant:

- a. body corporate including a company formed under the Companies Act, 1956/2013 or established under State or Central Law for the time being in force;
- b. a bank including a scheduled bank, a regional rural bank, a co-operative bank;
- c. an eligible trust under the relevant scheme;
- d. an eligible society under the relevant scheme;
- e. any other institution;
- f. Army/Navy/Air Force/Paramilitary Fund; and
- g. Any other category of investors, as may be decided by the AMC from time to time.

Only Commercial transactions i.e. Purchase, Redemption and Switches shall be accepted through designated email. When the investor transacts through designated email, the following terms and conditions shall apply to the financial/commercial transactions received through this mode, which shall be irrevocable and binding on the investor:

- a) Investor agrees that based on the scanned image of application for purchase, redemption or switches, the transaction will be processed subject to receipt of the subscription amount in case of purchase and subject to signature verification in case of purchase, redemption and switches. The receipt of such scanned image by AMC at designated email id shall be deemed sufficient for effecting the transaction. Investor further agrees to keep in its records, the original application and provide the original application, as and when requested by the AMC.
- b) All transaction requests will be deemed to be valid, where applications, transaction slips, forms, supporting documents are received at the designated email id. Documents received on emails shall only be accepted if they are in PDF or JPG format. The AMC may not acknowledge the receipt of the email requests.
- c) The timestamp will get generated and affixed on the transaction request once it is received on the server/system of the AMC.
- d) This facility will be provided subject to provisions of cut off timing for applicability of NAV and time stamping requirements, as amended by Securities and Exchange Board of India (SEBI) from time to time and any other applicable laws, rules and regulations as may be enforced from time to time. For the purpose of determining the applicable NAV in accordance with the Regulations, the system generated date and time on the

transmitted email received at server / system of the AMC and / or Its RTA and availability of funds for utilization for the same shall be considered.

- e) The AMC reserves the right to change/add the Designed email id(s) from time to time. Transaction requests can be sent to designated email id (transact@capitalmindmf.com), which will be dedicated for receiving all the transaction requests.
- f) The AMC shall act in good faith and shall take necessary steps in connection with the email requests received regardless of the value involved and the same shall be binding on the investor. The Mutual Fund, the Trustee or the AMC will not be held responsible/liable for any loss, if any, suffered by the investor or any other person for processing such transactions. The investor acknowledges that it is in the nature of telecommunication services that transmissions may not be properly received and may be inadvertently read or may be erroneous or made known to unauthorised persons. Investor agrees that all the risks, errors or breaches shall be borne by the investor and the Mutual Fund, Trustee, AMC shall not be responsible/liable for any claims, liability, loss, damage, cost or expenses arising from such risks, errors or breach of confidentiality.
- g) At the request of the investor, AMC is hereby requested and authorised, but is not obliged, to process the transactions as per email submissions received from time to time from investors and otherwise to rely upon and act in accordance with email submission which is signed, or is believed to have been signed by any person authorised by the documents governing the arrangement between the AMC and the Investor. The investor's request to the AMC to act on the email submission is for the investor's convenience and the AMC is not obliged or bound to act on the same.
- h) The investor authorizes the recipient to accept and act on any email submission which the Recipient believes in good faith to be given by the investor, and the Recipient may at its discretion treat any such transaction as if the same was given to the Recipient under the investor's original signature. The investor accepts that the email submission shall not be considered until acknowledged as a valid transaction request in the Scheme in line with the Mutual Fund Regulations. The AMC will also not be liable in case where the transaction sent or purported to be sent is not processed on account of the fact that it was not received by the AMC. In case there is any difference between the particulars mentioned in the email submission received as against the original document which may be received thereafter, the Recipient shall not be liable for any consequences arising therefrom.

- i) It is further mutually agreed that if any other permission is required under the provisions of law for processing such requests / instructions, the investor shall be solely liable and responsible for any failure to comply with such provisions of laws, rules and regulations. The investor will keep the Mutual Fund, Trustee, AMC fully absolved and indemnified with respect to any violation of such laws, rules and regulations and consequences thereafter in case of such violation mentioned hereinabove.
- j) It is agreed by the parties that the AMC need not confirm (whether orally, in writing or otherwise) any email submission or verify the identity of the person making or giving or purporting to make or give any email submission.
- k) Investor agrees that security procedures adopted by AMC may include signature verification, telephonic call backs or a combination of the same, that may be recorded by tape recording device and investor consents to such recording and agrees to cooperate with the AMC to enable confirmation of such electronic transactions. However, the AMC shall be under no duty to prescribe or adopt any procedures for the purpose of such confirmations or verification and any such procedure prescribed or adopted by AMC shall not impose upon the AMC any obligation to adopt or comply with the same in any or every instance.
- l) In consideration of the AMC from time to time accepting and at its sole discretion (including but not limited to the AMC extending / discontinuing such facilities from time to time) acting on any email submission request received / purporting to be received from the investor, the investor irrevocably and unconditionally agrees to fully indemnify and save harmless the Mutual Fund, Trustee and the AMC from and against all claims, liability, loss, damage, costs, expenses or any other outgoings incurred by them arising out of or relating to: (a) AMC acting in good faith, pursuant to, in accordance with or relying upon any email requests received or AMC not acting/processing or wrong processing of the email requests for any reason; (b) Any submission received by the AMC that AMC in good faith believes to be an email submission from the investor; and (c) Any unauthorised or fraudulent email request received by the AMC.

Further, the facility to carry out financial transactions through designated Email is available to all non-institutional investors, from May 01, 2025, subject to following additional clauses:

- a) This facility is available for all open-ended schemes except Exchange Traded Funds.
- b) Only additional purchase, redemption and switch transactions shall be accepted on the designated email id.
- c) Non-individual investors seeking to utilize this facility must submit a Board Resolution or Authority Letter, listing authorized officials along with their designations and official email IDs. The letter must explicitly confirm a) the list of approved authorized officials authorized to transact along with designation, email IDs and b) Undertaking that the financial instructions sent via email are binding on the entity as it were a written agreement.
- d) Emailing the Transaction Form with Wet Signatures: In addition to acceptance of financial transactions via email, Scanned copies of transaction request letters, duly signed in wet ink by authorized signatories, may be submitted via email. Such requests shall be accepted only if the sender's email ID belongs to the entity's official domain and is copied (CC) to the authorized officials' registered email IDs
- e) In case the request is executed electronically with a valid digital signature or through Aadhaar based e-signature by the authorized officials, the same shall be considered valid and acceptable and shall be binding on the investor. Such requests shall be valid and accepted only if the sender's email ID belongs to the entity's official domain and is copied (CC) to the authorized officials' registered email IDs
- f) Financial Transactions Submitted by Registered MFDs or Third Parties: Signed Financial transaction form or request letter, bearing wet signatures of authorized signatories, may be submitted via email by a registered Mutual Fund Distributor (MFD) of the entity or a third party. The third party must possess an authorization letter from the nonindividual unit holder, permitting the MFD or representative to submit scanned copies of signed transaction forms or requests on their behalf. Additionally, such email submission must be copied to the nonindividual investor's registered email ID.
- g) The additional purchase/redemption/switch request shall be received from the registered email ID of the investor. In case such request is received from an unregistered email id, AMC may, its sole discretion, process the same after carrying out necessary validations/ due diligence or can even reject such transactions received from an unregistered email id.
- h) Transaction requests can be sent to designated email id

(transact@capitalmindmf.com), which will be dedicated for receiving all the transaction requests. AMC reserves the right to change/add the Designated email ID(s) from time to time, and the same shall be updated on our website <https://capitalmindmf.com>.

- i) In case of additional purchase request, funds will have to be received through electronic mode only such as NEFT/RTGS/Bank Transfer in the designated bank account of the scheme, and transactions will have to be accompanied with proof of transfer of funds from existing registered bank account of the unit holder.
- j) Investors shall co-operate with additional security procedures, as may be specified by the AMC from time to time.
- k) Investors shall abide with such terms and conditions, as may be specified by the AMC from time to time. Investors must note that the AMC reserves the right to terminate this arrangement of receiving transactions through email at its own discretion without any prior notice or intimation to the Investors.

Terms and Conditions for Transacting via Electronic Mail:

1. Investors must be aware of the risks involved in transacting through email, including those arising from electronic transmission failures, unauthorized access, or miscommunication.
2. The Asset Management Company (AMC) and Registrar & Transfer Agent (RTA) shall not be liable for any financial transaction that is either not received due to technical or transmission issues or is incomplete, and hence not processed.
3. Entities utilizing this facility must ensure adequate security measures to protect email communications, including encryption, access controls, and authentication mechanisms.
4. The entity availing this facility must maintain records of email-based financial transactions as per applicable laws and regulations.
5. Any change in the registered email id/contact details shall be accepted only from the designated officials authorized to notify such changes via board resolutions/authority letter. Further such change request shall be submitted through physical request letter (or a scanned copy thereof with wet signature of the designated authorized officials) only.
6. No change in / addition to the bank mandate shall be allowed via email. Change in bank details or addition of bank account of the entity shall be permitted only

via the prescribed service request form duly signed by the entity's authorized signatories with wet signature of the designated authorized officials.

7. Any change in the registered email address / contact details of the entity shall be accepted only through a physical letter (including scan copy thereof) with wet signature of the designated authorized officials of the entity, duly supported by copy of the board resolutions / authority letter on the entity's letter head.
8. The non-individual investor must explicitly authorize the AMC/RTA to accept and process any email transmission from the registered email ID, including emails sent by a registered Mutual Fund Distributor (MFD) or a third party authorized by the investor to submit scanned transaction requests on their behalf

47) Prevention of money laundering and Know Your Client ("KYC") Requirements

- a) Know Your Client ("KYC") formalities under the Prevention of Money laundering Act, 2002 ("PMLA") and the related guidelines issued by SEBI from time to time, are to be completed by all investors, (including Power of Attorney holders and Guardian in case of a minor) intending to invest any amounts in units of the Mutual Fund.
- b) Prevention of Money Laundering Act, 2002 (hereinafter referred to as "PML Act") came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. SEBI has issued a 'Master Circular on Anti Money Laundering (AML) Standards/ Combating the Financing of Terrorism (CFT)/Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002' consolidating all the requirements / instructions / obligations of Securities Market Intermediaries issued under the various circulars issued by SEBI with regard to AML/CFT, whereby all intermediaries are advised to take necessary steps to ensure compliance with the requirement of the PML Act inter-alia for the maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND), New Delhi.
- c) The Mutual Fund/ Registrar and Transfer Agent (RTA) shall perform the KYC of its new investors. Investors may however, note that the Mutual Fund reserves the right to conduct enhanced KYC of its investors as may be commensurate with their respective risk profiles.
- d) The investor(s) should ensure that the amount invested in the schemes of the Mutual Fund is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax

Act, Prevention of Money Laundering Act, Prevention of Corruption Act and / or any other laws in force in India from time to time or any rules, regulations, notifications or directions issued thereunder.

- e) To ensure appropriate identification of the investor(s)/ Unitholder(s) under the KYC policy and with a view to monitor transactions for the prevention of money laundering, the AMC / the Mutual Fund reserves the right to seek information, record investor's/Unitholder's telephonic calls and / or obtain and retain documentation for establishing the identity of the investor/ Unitholder, their beneficial owner(s), proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose as the case may be. The investor(s)/Unitholder(s) shall provide such documents to the satisfaction of the AMC as may be required from time to time for the verification/identification of the investor(s)/ Unitholder(s)/any transaction by the AMC/Mutual Fund. If the investor(s)/Unitholder(s) refuses / fails to provide to the AMC, the required documents/ information within the period specified, the AMC, shall have the sole and absolute discretion to freeze the folio(s) of the investor(s)/Unitholder(s), reject any application(s) / allotment of Units and report the details of such investor/Unitholder/transaction to appropriate authority.
- f) The Mutual Fund, AMC and the Trustee Company and its Directors, employees and agents shall not be liable in any manner for any claims arising whatsoever on account of such freezing of folio(s) / rejection of any application / allotment of Units and/or reporting the same to appropriate authorities.

Know Your Customer (KYC) Compliance

- a) In terms of the PML Act, 2002, the Rules issued there under and the guidelines/circulars issued by SEBI and/or AMFI regarding the Anti Money Laundering (AML Laws) and KYC requirement, all intermediaries, including Mutual Funds, have to formulate and implement a client identification programme, verify and maintain the record of identity and address(es) of investors.
- b) In order to bring about uniformity in the Know Your Customer (KYC) process in the securities market, Common KYC Application form and supporting documents shall be used by all SEBI registered intermediaries viz. intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investors Schemes, etc. Further, to avoid duplication of KYC process across SEBI registered intermediaries, a mechanism for centralization of the KYC records in the securities market has been developed.

- c) Accordingly, we will be performing the initial KYC of our clients and upload the details on the system of the KYC Registration Agency (KRA). The data from the KRA shall be checked and passed onto the Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) for generation of the KYC Identification number (KIN) of the investor. The KYC details of the client can be accessed by other intermediaries by accessing the KRA system. As a result, once the client has done KYC with a SEBI registered intermediary, he need not undergo the same process again with another intermediary. For regulating KRAs, SEBI has formulated the SEBI (KYC Registration Agency) Regulations, 2011 which covers the registration of KRAs, functions and responsibilities of the KRAs and intermediaries, code of conduct, data security, etc. However, to comply with prevailing regulatory guidelines, the AMC reserves the right to carryout fresh KYC to the investors or undertake enhanced KYC measures commensuration with the risk profile of the investor.
- d) In-Person' Verification (IPV) of clients has been made mandatory for all SEBI registered intermediaries. Asset Management Companies (AMCs) and the distributors who comply with the certification process of National Institute of Securities Market (NISM) or Association of Mutual Funds (AMFI) and have undergone the process of 'Know Your Distributor (KYD)' can perform the IPV for mutual fund investors. The IPV carried out by any SEBI registered intermediary can be relied upon
- e) Investors should note that it is mandatory for all applicants (in the case of application in joint names, each of the applicants) to mention his/her Permanent Account Number (PAN) irrespective of the amount of purchase in the Application Form. Investors who do not have PAN, have to provide other approved proof of identity in lieu of PAN i.e. PAN-exempt KYC reference number (PEKRN) who can invest up to INR 50,000 per year per mutual fund. Where the applicant is a minor, and does not possess his / her own PAN/PEKRN, he / she shall quote the PAN/PEKRN of his/her father or mother or the guardian, as the case may be.
- f) In the event of noncompliance of KYC requirements, the Trustee / AMC reserves the right to freeze the folio of the investor(s) and affect mandatory redemption of unit holdings of the investors at the applicable NAV, subject to payment of exit load, if any
- g) All investors (both individual and non-individual) can apply for KYC compliance. However, applicants should note that minors cannot apply for KYC compliance and any investment in the name of minors should be through a Guardian/legal guardian, who should be KYC compliant for the purpose of investing with a Mutual Fund. Also,

applicants / unitholders intending to apply for Units / currently holding Units and operating their Mutual Fund folios through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must mention their KYC compliance status at the time of investment. PoA holders are not permitted to apply for KYC compliance on behalf of the issuer of the PoA. Separate procedures are prescribed for change in name, address and other KYC related details, should the applicant desire to change such information.

- h) Financial transactions (including redemptions, switches and all types of systematic plans) and non-financial requests will not be processed if the unitholders have not completed KYC requirements.
- i) Unitholders are advised to use the applicable KYC Form for completing the KYC requirements and submit the form at the point of acceptance.
- j) Further, upon updation of PAN details with the KRA (KRA-KYC) / CERSAI (CKYC), the unit holders are requested to intimate us / our Registrar and Transfer Agent their PAN information along with the folio details for updation in our records.
- k) For applicants who subscribe to the Units through Stock Exchange facility, the KYC performed by the Depository Participant of the applicants will be considered as KYC verification done by the Trustee / AMC.
- l) Units held in Electronic (Demat) mode For Units held in demat form, the KYC performed by the Depository Participant of the applicants will be considered as KYC verification done by the Trustee / AMC.

Know Your Customer (KYC) Norms (Applicable with effect from April 01, 2024): As per the SEBI Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023, as amended from time to time, as a part of risk management framework, the KYC Registration Agencies (KRAs) shall verify the following attributes of records of all clients within 2 days of receipt of KYC records: (a) PAN (b) Name (c) Address (d) Mobile number (d) Email ID. If KRA is unable to verify the above attributes, such investors shall not be allowed to transact further until the attributes are verified. Investors should ensure that they provide their valid contact details [Email id / Mobile Number] to KRAs.

KYC Status	Investments in Existing Mutual Funds	Investments in New Mutual Funds	Remediation
KYC VALIDATED - Existing records prior to April 01, 2024	No Impact	No Impact	Not Required
KYC Registered	No Impact	Allowed, Fresh set of KYC documents to be submitted every time, investing in a new Mutual Fund	Investor can do a re-kyc using Aadhaar as OVD (Officially Valid Document) to remediate the status to KYC VALIDATED for seamless transactions in securities market.
KYC on-hold /rejected	Transactions will not be allowed	Transactions will not be allowed	<p>Investor should ensure to do the following to change the status to “Registered”:</p> <ol style="list-style-type: none"> 1. To complete PAN Aadhaar Seeding; 2. Update email ID/ mobile and validate; 3. Re-submit the pending documents to KRA. <p>Investors are suggested to do a re-kyc using Aadhaar as OVD (Officially Valid Document) to remediate the status to KYC VALIDATED for seamless transactions in securities market.</p>

As per SEBI Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2024/41 dated May 14, 2024, records of Investors whose attributes are verified by KRAs with official database and PAN-AADHAAR linkages are verified shall be considered as Validated Records.

48) Update on Folios without PAN/PEKRN (PAN exempted KYC Reference Number)

SEBI vide its letter No. SEBI/HO/OW/IMD/PoD/2022/48112/1 dated September 12, 2022 has advised that no investments (Systematic transaction, Lumpsum, Redemption) shall be permitted in such folios wherein PAN/ PEKRN details are not available. All such Non-compliant Non-PAN and Non-PEKRN folios shall be liable to be frozen from April 01, 2023. Unitholders whose folio(s) has/have been frozen due to the above requirement shall be able to (permit to) lodge grievance or avail service request only after furnishing the above details. Please note that the PAN / PEKRN (as may be applicable) needs to be provided in respect of all joint holders.

49) Change in Static Information

- a) Requests for change static information, viz. name, mobile number, email id, status, signature, bank account details, Income Distribution cum Capital Withdrawal sub-option, nomination, registration of Power of Attorney, Updation of Authorised Signatory List, etc. may be submitted to the AMC or its Registrar. Such changes will be effected within 5 Business Days of the valid signed request reaching the office of the Registrar at Hyderabad, and any interim financial transactions like purchase, redemption, switch, payment of Income Distribution cum Capital Withdrawal etc. will be effected with the previously registered details only. If any change in static information is submitted along with a financial transaction, the change may be handled separately and the financial transaction may be processed with the previously registered details. Unit holders are therefore advised to provide requests for change in static information separately and not along with financial transactions. Investors holding units in demat mode should approach their respective Depository Participant for non-financial requests/ applications such as change of address, mobile number, email id, change of bank, etc.
- b) Any change in Income Distribution cum Capital Withdrawal(If any) sub option due to additional investment or unit holder request will be applicable to the entire units in the Income Distribution cum Capital Withdrawal option of the scheme/plan concerned.
- c) Unit Holders may write to the AMC or the Registrar to change the broker code of their transactions. Any such request will be handled on a prospective basis and the change in broker code will be effected within 5 days from the date when the Registrar receives the request at its office.
- d) All non financial requests are liable to be rejected if the KYC is not completed and updated for all holders in the folio.

50) Redemption and Switches

- a) All allotment of units on account of purchases, switch ins will be provisional subject to realisation & reconciliation of funds & the AMC having been reasonably satisfied that the Mutual Fund have received the clear funds. Units created will be temporarily put under hold till the time the Mutual Fund has carried out the reconciliation based on bank statements, supporting details received from banks, payment aggregators, other agencies involved in collecting and remitting the proceeds to the AMC. Units created will be kept on hold though the funds have been sighted, till the time of receipt of bank statements from the banks & other agencies and completion of the reconciliation activities. Any redemption or switches in the interim is liable to be rejected.

For more details please refer the relevant SID for details on redemption and switch.

- b) The AMC shall dispatch the redemption proceeds within 3 Business Days from the date of acceptance of redemption request at any of the OPAT, subject to exceptional situations and additional timelines for redemption payments provided by AMFI vide its letter no. AMFI/ 35P/ MEM-COR/ 74 / 2022-23 dated January 16, 2023 read with Para 14.1.3 of the Master Circular. In the event of failure to dispatch the redemption proceeds within the above time, the AMC shall be liable to pay interest at a rate of 15% p.a. to the unitholders or such other rate as may be specified by SEBI for the period of such delay.
- c) Redemption & switches will be rejected if the KYC is not completed and updated for all the unit holders in the folio.
- d) The AMC also has the right, to close a Unitholder's account by redemption of Units in the account of unitholder, if the unitholder does not submit the requisite proof/documents/information required by the AMC or where the units are held by a unitholder in breach of any Regulation.
- e) Since a request for purchase is generally made in Rupee amounts and not in terms of number of Units of the Scheme, a Unit Holder may be left with fractional Units. Fractional Units will be computed and accounted for up to three decimal places. However, fractional Units will, in no way, affect the Unit Holder's ability to redeem the Units, either in part or in full, standing to his/her/its credit.

- 51) **Suspension of re-purchase and restriction on redemption of units:** Subject to the approval of the Boards of the AMC and the Trustee and subject to necessary prior

communication to SEBI, determination of NAV of the units under any scheme of the Mutual Fund may be temporarily suspended, leading to consequent suspension of purchase of units, in any of the following events:

- a) When one or more stock exchanges or markets, which provide the basis for valuation for a substantial portion of the assets of the schemes, is/are closed, otherwise than for ordinary holidays.
- b) When, as a result of political, economic or monetary events or any circumstance outside the control of the trustee and the AMC, disposal of the assets of the schemes is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the unit holders.
- c) In the event of a breakdown in the means of communication used for the valuation of investments of the schemes, without which the value of the securities of the schemes cannot be accurately arrived at.
- d) During periods of extreme volatility of markets, which in the opinion of the AMC, are prejudicial to the interests of the unit holders.
- e) In the case of natural calamities, pandemic, strikes, riots, bandhs etc.
- f) In the event of any force majeure or disaster that affects the normal functioning of the AMC or the Registrar or If the Trustees are of the opinion that the suitable investment opportunities are not available for deployment of funds.
- g) If so directed by SEBI.
- h) Additionally, the AMC reserves the right to withdraw the facility of sale and switching option of units into and out of the scheme(s) (including any one Plan / option of the scheme), temporarily or indefinitely, if AMC views that changing the size of the corpus may prove detrimental to the existing unit holders of the scheme(s)

52) **Restriction on redemption of units:** Pursuant to clause 1.12 of SEBI Master Circular, the restriction on redemption may be imposed under following scenario that may lead to a systemic crisis or the efficient functioning of markets such as:-

- a) **Liquidity issues** –Market at large becomes illiquid affecting almost all securities rather than any issuer specific security.
- b) **Market failures, exchange closures** - Markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies.
- c) **Operational issues** – when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out).
- d) Subject to the approval of the Boards of the AMC and the Trustee and subject to

necessary communication to SEBI, restriction on redemption would be imposed; the following procedure shall be applied:

- Restriction on redemption may be imposed for a specified period of time not exceeding 10 (ten) Business days in any 90 days period.
- No redemption requests upto INR 2 lakh shall be subject to such restriction.
- Where redemption requests are above INR 2 lakh, AMCs shall redeem the first INR 2 lakh without such restriction and remaining part over and above INR 2 lakh shall be subject to such restriction.

53) **Procedure for various facilities:** Investors can request for Annual Report / Abridged Summary, Half Yearly Portfolio through any of the following means.

- a) Request for Monthly/Half Yearly Portfolio /Annual Report (AR)/Abridged Summary
 - i) Telephone:- Give a call to our Contact Centre at 1-800-570-5001.
 - ii) Email:- Send an email to support@capitalmindmf.com
 - iii) Letter:- Submit the letter to any of the AMC Offices or RTA investor Service Centres.
- b) Request for Net Asset Value (NAV) through SMS & Statement of Account via email. Specific Request need to be submitted or Call to 1-800-570-5001 from your registered mobile number to receive latest NAV via SMS and Statement of Account via email.

B. Special Products / Facilities

For general terms and conditions and more information, Unit holder(s) are requested to read Terms and Conditions available on <https://capitalmindmf.com>

- 1) **Systematic Investment Plan (SIP):** Investors can undertake investing on a specified periodic basis and aim to take advantage from rupee cost averaging through SIP in a scheme of the Mutual Fund.
 - An investor if choosing 29th, 30th or 31st of a month as the SIP date, then the SIP date will be automatically considered as the 2nd Calendar Day of the following month.
 - In case SIP date falls on a non- business day or on a day that is not available in the particular month, the instalment would be processed on next business day.
 - If the SIP period is not specified by the unit holder, then the SIP enrolment will be deemed to be for 30 years from the start date until further instructions are received from investor.

- The following SIP frequency may be available to the investors:
 - Daily, Weekly, Fortnightly , Monthly, Quarterly
 - For frequency, minimum amount per instalments and number of instalments under each frequency available under each Scheme, kindly refer SID of the respective Scheme.
 - Provided further that units in demat format are not possible in case of daily frequency
 - In case of daily frequency, SIP transaction will be happen only on business day. For e.g. if investor places daily SIP order on a non-working day, the first transaction will take place on the next working day only.
- The SIP registration will be discontinued or considered as closed/ cancelled by the AMC upon 3 consecutive failed debit attempts under Daily, Weekly, Fortnightly and monthly frequencies and 2 consecutive failed debit attempts under Quarterly, Half-Yearly and Yearly and higher Frequencies.
 - The AMC/RTA shall send a communication to the investor after each failed debit attempt, mentioning that the SIP will cease in case of aforesaid.
- In case of SIP investments, where the entire instalment amount is not available in the bank account, the SIP for which the bank mandate is triggered will be executed. Allocation to a particular Scheme or pro-rata allocation to Schemes will not be carried out. For e.g. the investor has SIPs in Scheme A and Scheme B of the AMC for amounts of INR 2000 each. If the investor has less than INR 4000, the order for which mandate is triggered first gets executed. If the investor has less than INR 2000 in the bank account on the day of SIP, no order will be placed.
- Investors can also start a SIP directly without any initial investment, during ongoing basis,. However, they have to submit the application for enrolment of SIP on any Business Day, but the subsequent instalment date of SIP shall be any date from 1st to 28th of a month with a minimum gap criterion of 21 Business days between the submission of application form (applicable in case of physical forms only) and the 1st SIP.
- Investors may register for SIP through One Time Mandate (OTM) for payment towards any future purchase transactions. Investors can subscribe for SIP by using NACH facilities offered by the registered banks. The cheque for investment in the scheme should be in favour of Scheme name and crossed 'Account Payee Only', and the cheques must be payable at the centre where the applications are submitted to the Investor Service Centre.
- Units will be allotted at the applicable NAV as on the SIP Date opted for by the investor. Where such SIP Date is not a Business Day, Units will be allotted at the applicable NAV of the immediately succeeding Business Day.
- Investors can enrol themselves for SIP in the Scheme by ticking the appropriate box in the application form and filling up the relevant SIP form specifying the amount, period, and SIP date.

- The detailed terms and conditions are mentioned in the relevant Form(s).
- SIP through post-dated cheques will not be accepted.
- Where the mandate form and the SIP registration form are submitted together, debits for the SIP may happen only on successful registration of the mandate by the Unit holder(s) bank.
- The Fund / AMC would present the SIP transactions without waiting for the confirmation of the successful registration from the Unit holder(s)' bank. In case the onetime mandate is successfully registered, new SIP registration will take up to 5 (five) Business Days. The first debit may happen any time, thereafter, based on the dates opted by the Unit holder(s).
- In case of ISIP, URN Registration must be done by investor within 7 calendar days. The URN will be expired after 7 calendar days.
- A fresh Account Statement / Transaction Confirmation would be mailed to the investor indicating the new balance in the Account. An investor would have the right to discontinue the SIP, subject to giving 02 (two) Business Days prior notice to the subsequent date of SIP instalment.

Terms and conditions

- New Investor - If the investor fails to mention the scheme name in the SIP Registration Form, then the AMC reserves the right to register the SIP as per the scheme name available in the main application.
- Existing Investor - If the investor fails to mention the scheme name in the SIP Registration Form, then the AMC reserves the right to register the SIP in the current scheme.

Default Dates:

- If start date for SIP period is not specified, SIP will be registered to start anytime from a period after 30 (thirty) calendar days from the date of receipt of application based on the SIP date available / mentioned, subject to mandate being registered.
- For Weekly SIP, Tuesday will be the default day and in case of Fortnightly SIP 1st and 16th of the month will be the default option.
- The SIP transaction will happen only on business day. For e.g. if the default day falls on a non-working day, the transaction will take place on the next working day
- If the investor has not mentioned the SIP start Month, SIP will start from the next applicable month, subject to completion of 10 (Ten) Business Days lead time from the receipt of SIP request.
- If end date is incorrect / not specified by the investor, the SIP will be registered for 30 years from the start date or end date of mandate / tenure of the scheme, whichever is earlier, until further instructions are received from investor.

Other Details:

- In case of fresh/additional subscription, if the Scheme name is not mentioned on the application form/transaction slip, then the Units will be allotted under the scheme mentioned on the Cheque.
- The option that would be considered in such cases if not specified by the investor would be the default option of the Scheme. However, in case additional subscription is under the same scheme as fresh subscription, then the AMC reserves the right to allot units in the option under which units were allotted at the time of fresh subscription
- Investors can subscribe for SIP by using NACH facilities offered by the Banks. The cheque for investment in the Scheme should be in favour of the specific Scheme name and crossed “Account Payee Only”, and the cheques must be payable at the centre where the applications are submitted to the Investor Service Centre.
- Every Scheme of the Mutual Fund may have different frequency for SIP. The AMC may change the terms and conditions for SIP from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from the respective Scheme Information Document, Key Information Memorandum and any of the offices of the AMC, before investing same is available on <https://capitalmindmf.com>

In case of Physical SIP Applications during NFO Period

- received during NFO Period, the SIP start date shall be at least 21 Business Days after the NFO allotment date. The first SIP cheque could be of any Business Day but subsequent Auto Debit mandate should be for any date from 1st to 28th of a month and there should be a minimum gap of at least 21 Business Days between the 1st SIP transaction and the 2nd SIP instalment.
- The gap must be at least 21 Business Days depending upon the chosen SIP frequency. In case the criteria is not met, the SIP would start on the same date from the next month. If the SIP execution date is a non-Business Day for the Scheme, then the Units shall be allotted based on realisation of proceeds.
- In the event if the investors want to discontinue the SIP (during NFO and on ongoing basis), a written communication will be required from the investors to discontinue the same at least 10 calendar days before the next SIP due date.

SIP Top-up facility: SIP Top-Up facility provides flexibility to the investors to increase the SIP instalment over the tenure of the SIP. SIP Top-Up facility will be available under the Scheme offering SIP facility and will be available to all investors.

- Investors can opt for SIP TOP UP facility with Fixed Top Up option or Variable Top Up option In case the investor opts for both options, the Variable Top Up option would be

triggered.

- The Fixed TOP UP amount shall be for minimum INR 1,000/- and in multiples of INR 1/- thereafter (for debt schemes) and minimum INR 1,000/- and in multiples of INR 1/- thereafter (for equity scheme).
 - Variable TOP UP would be available in at 5%, 10% and 15% and such other denominations (over and above 5%, 10% and 15%) as opted by the investor in multiples of 5%.
 - In case the investor opts for both options, the Variable Top Up option would be triggered.
- SIP Top-Up frequency in case of investors availing this facility will be half yearly and yearly.
 - In case the Top Up facility is not opted by ticking the appropriate box and frequency is not selected, the TOP UP facility may not be registered.
 - If the SIP Top-Up facility is opted but frequency is not indicated / selected, it will be considered as half yearly interval.
 - In case of Quarterly SIP, only the Yearly frequency is available under SIP TOP UP.

Top-Up Cap option:

Unit holders have an option to cap the SIP Top-up amount based on either a fixed predefined amount or date as detailed below:

Top-Up Cap amount or Top-Up Cap month-year:

- **Top-Up Cap amount:** Investor has an option to freeze the SIP Top- Up amount once it reaches a fixed predefined amount. Thereafter the SIP instalment will remain constant till the end of SIP tenure.
 - The fixed pre-defined amount should be same as the maximum amount mentioned by the investor in the bank mandate.
 - In case of difference between the Cap amount and the maximum amount mentioned on Bank mandate, then amount which is lower of the two amounts shall be considered as the default amount of SIP Cap amount.
- **Top-Up Cap month-year:** Investor has an option to provide an end date to the SIP Top-up amount. It is the date from which SIP Top-Up amount would cease and last SIP instalment including Top-Up amount would remain constant from Cap date till the end of SIP tenure.
- If none of the above options for Top-up cap is selected by the investor, the SIP Top-up will continue as per the SIP end date and Top-up amount specified by the investor.

- In case of multiple selection, Top-Up Cap amount would be considered as default selection.
- All the investors of the Scheme(s) subscribing the facility under SIP Variable Top - Up feature are requested to select either 'Top- Up Cap amount' or 'Top - Up Cap month - year'. In case of no selection, the SIP Variable Top - Up amount would be considered as default selection and would be capped at a default amount of INR 10 lakhs.
- Under the said facility, SIP amount would remain constant from Top - Up Cap date/ amount till the end of SIP Tenure. SIP Top-Up facility shall not be available in case of Micro-SIP.

Every Scheme of the Mutual Fund may have different frequency for SIP Top up Facility. The AMC may change the terms and conditions for SIP from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from the respective Scheme Information Document, Key Information Memorandum and any of the offices of the AMC, before investing. The same shall be made available on <https://capitalmindmf.com>

SIP Pause Facility: Under the SIP Pause Facility ('Facility'), the investor can stop the running SIP for certain period and restart the SIP again (at a folio level) by filling up a designated form(s). The detailed terms and conditions for availing the Facility are as follows:

- a. Investors who wish to pause their SIP instalments debit for a certain period can fill in the "SIP Pause" section.
- b. This Facility is available for SIPs with frequency of Monthly and Quarterly frequencies.
- c. SIP Pause can be for a minimum period of 1 month to a maximum period of 6 months. For the minimum and maximum number of instalments that can be paused using this facility, please read the respective Scheme Information document
- d. SIP Pause request should be submitted 15 Calendar days before the next SIP instalment date.
- e. The SIP instalment debit will re-start in the month following the SIP Pause end month.
- f. SIP Pause once registered cannot be cancelled.
- g. SIP pause applications are liable to be rejected in case the details are not proper and clear or in case of incomplete details, non-clarity or ambiguity.
- h. If the pause period is coinciding with the Top-Up facility, the SIP instalment amount post completion of pause period would be inclusive of Top-Up amounts falling during that Top-Up cycle;

- i. The Investor understands and acknowledges that the SIP Pause facility is merely a transaction related facility offered by the Company; and the Investor unconditionally and irrevocably agrees that the AMC or Fund will not be liable for:
 - (i) acting in good faith on any instructions received from the Investor;
 - (ii) any force majeure events that are beyond the control of any person; and
 - (iii) any error, default, delay or inability of the AMC or the Fund or its Agents to act on all or any of the instructions from the Investor. The Investor hereby assumes and undertakes the entire risk of using the Facility and agrees to take full responsibility for the same.
- j. It is possible that the investors' Bank does not stop the SIP debits on the instalment date or delays the processing of the SIP Pause instruction from AMC or its agents, if the investor has given a separate standing instruction to the Bank to debit the account on the specified date. The investor will not hold the Mutual Fund/AMC/RTA responsible in whatsoever manner in such cases.
- k. The AMC or the Mutual Fund or the Registrar and other service providers shall not be responsible and liable for any damages or compensation for any loss, damage, etc. incurred by the investor due to reasons which are caused by circumstances not in the ordinary course of business and beyond the control of the Mutual Fund.

All other terms and conditions as applicable to SIP facility will be applicable to SIP Pause facility.

The Trustee reserves the right to change the terms and conditions of this facility at a later date. The Trustee also reserves the right to withdraw the SIP Pause facility.

SIP cancellation / discontinuation: The AMC will endeavour to have the cancellation of registered SIP mandate within 02 (two) Business Days from the date of receipt of the cancellation / discontinuation request from the investor. The existing instructions / mandate would continue till the date that when it is confirmed the SIP has been cancelled.

Mode of Payment for SIP:

- In case of SIP with payment mode as Standing Instruction / NACH, Investors are required to submit a cancelled cheque or a photocopy of a cheque of the bank account, as applicable for which the debit mandate is provided.
- One Time Mandate registration with the Fund through e-NACH or UPI Autopay facility is available for investors. It is a one - time registration process wherein the Unit holder(s) of the Scheme(s) of the Fund authorizes his / her bank to debit their account up to a certain specified limit per transaction, on request received from the Fund, as and when

the transaction is undertaken by the Unit holder, without the need of submitting cheque or fund transfer letter with every transaction thereafter.

- Investors/unitholders subscribing for SIP are required to submit SIP request at least 21 (twenty-one) Business Days prior to the date of first debit date and SIP start date shall not be beyond 90 days from the date of submission of request for SIP.
- Investors are requested to note that holding of units through Demat Option is also available. The units would be allotted based on the applicable NAV and would be credited to investors' Demat account on T + 2 days basis upon realization of funds.
- The investors shall note that for holding the units in demat form, the provisions laid down in the SID and the Regulations, procedural requirements as laid by the Depositories (NSDL/CDSL) shall be applicable.
- In case the investor wishes to convert the units held in non-demat mode to demat mode or vice versa at a later date, such request along with the necessary form should be submitted to their Depository Participant(s).
- Units held in demat form would be freely transferable, subject to the applicable laws and the guidelines as may be amended from time to time.

Facility of National Automated Clearing House (NACH) Platform in Systematic Investment Plan (SIP):

In addition to existing facility available for payments through Standing Instructions for investments in SIP, the NACH facility can also be used by the investors to make payment of SIP instalments. NACH is a centralized system launched by National Payments Corporation of India (NPCI) with an aim to consolidate multiple Electronic Clearing Service (ECS) mandates. This facility would enable the investors of the scheme to make SIP investments through NACH by filling up the SIP Registration cum mandate form. A Unique number will be allotted to every mandate registered under NACH called as Unique Mandate Reference Number ("UMRN") which can be used for SIP transactions. The NACH facility shall be available subject to terms and conditions contained in the Easy Pay Debit Mandate Form and as prescribed by NPCI from time to time.

Applications Supported by Blocked Amount (ASBA) facility

ASBA facility will be provided to the investors subscribing to NFO of the Scheme. It shall co-exist with the existing process, wherein cheques are used as a mode of payment. Please refer ASBA application form for detailed instructions.

2) **Systematic Transfer Plan (STP) – minimum amount?**

- Systematic Transfer Plan (STP) is an option wherein investors of the source scheme can opt to transfer a fixed amount at periodic intervals to the designated target scheme. A Unit Holder may transfer, through STP, part of his/her/its investment in the Scheme (in the said folio) to another Scheme at a pre-determined frequency with specific STP dates and the request should be for at least such transfers as mentioned in the respective Scheme Information Document.
- Investors can opt for the STP by investing a lump sum amount in one scheme of the Mutual Fund and providing a standing instruction to transfer sums at regular intervals.
- The transfer will be effected by way of a switch, i.e. redemption of Units from one Scheme and investment of the proceeds thereof, in the other scheme, at the then prevailing terms of both Schemes. Therefore, all provisions pertaining to Inter-Scheme Switching will apply to an STP (Please refer to “Switching” for provisions on switching).
- All provisions pertaining to Exit Load in an STP transaction will be same as applicable for purchase or redemption of investment made through SIP. All transactions by way of STP shall, however, be subject to the terms (other than minimum application amount) of the target Scheme.
- The amount transferred under STP from source Scheme to target Scheme shall be done by redeeming units of source scheme at Applicable NAV, subject to exit load, if any; and subscribing to the units of target scheme at Applicable NAV as on specified date(s)

Frequency for STP and number of instalments

Minimum amount for STP and Minimum no. of instalments for all frequencies may vary for each Scheme. Investors are required to read the respective Scheme Information Documents (SID). However, the following details should be noted.

Particulars	Frequency	Default
Daily Option	All business day	-
Weekly Option	Any day from Monday to Friday	Tuesday
Monthly & Quarterly Option	Any Date of every month	10 th of the month

- An Investor if choosing 29th, 30th or 31st of a month as the STP date, then the STP date will be automatically considered as the 2nd Calendar Day of the following month.
- In case the STP date falls on a non-business day or on a day which is not available in a particular month, the STP will be processed on the next Business Day.

- In case of nil balance in the source scheme, STP for that particular due date would not get processed.
- STP would cease to be active upon 3 consecutive unsuccessful transactions or if all Units are pledged or upon receipt of intimation of death of the investor. The AMC/RTA shall send relevant communication to the investor after each failed attempt.
- All requests for registering or discontinuing STP shall be subject to an advance notice of 10 (ten) Business days.
- The provision of minimum redemption amount specified in the SID of the source Scheme and minimum application amount in the target scheme would not be applicable for STP.

STP periodicity may change from scheme to scheme. The AMC may change the terms and conditions for STP facility from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from the respective Scheme Information Document, Key Information Memorandum and any of the offices of the AMC, before investing. The same shall be made available on <https://capitalmindmf.com>

3) **Systematic Withdrawal Plan (SWP)**

- Investors under the Scheme(s) can enrol for the Systematic Withdrawal Plan (SWP) facility. The SWP allows the Investors to withdraw a specified sum of money at pre-determined intervals from the investments undertaken in the scheme.
- SWP is suitable for investors seeking a regular inflow of funds for their needs. It is also suited to retirees or individuals who wish to invest lump-sum and withdraw from the investment over a period of time.
- At the time of registration for SWP, an investor can choose any amount for withdrawal under the respective frequencies. An investor may avail this facility by submitting an application form for SWP.

Particulars	Frequency			
	Monthly	Quarterly	Half-Yearly	Yearly
SWP Transaction Dates	Any date of every month (between 1 st and 28 th)	Any date of every quarter (between 1 st and 28 th)	Any date of every half-year (between 1 st and 28 th)	Any date of every year (between 1 st and 28 th)
Minimum number of instalments and	2 instalments of INR 1,000/- each and in multiples of	2 instalments of INR 1,000/- each and in multiples of	2 instalments of INR 1,000/- each and in multiples of	2 instalments of INR 1,000/- each and in

minimum amount of instalment	Re. 1/- thereafter	Re. 1/- thereafter	Re. 1/- thereafter	multiples of Re. 1/- thereafter
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- Monthly, Quarterly, Half Yearly and Annual frequencies are available under this facility. Investors can choose any date as preference for SWP withdrawal to register under any frequency available.
- In case the date chosen for SWP falls on a Non-Business Day or on a date which is not available in a particular month, the SWP will be processed on the next Business Day.
- In case none of the frequencies have been opted then Monthly frequency shall be considered as the default frequency and where no withdrawal date has been opted by the investor, 10th (tenth) Business Day of the month shall be considered as the default SWP date.
- The amount thus withdrawn by SWP would be equated into units at Applicable NAV based prices and the number of units so arrived at would be redeemed and subtracted from the Units balance held by the investor.
- SWP shall be subject to applicable exit load imposed by the Scheme.
- SWP may be terminated by a written notice submitted by the Investor of the Scheme at least 10 (ten) Business Days before the processing of next instalment.
- SWP will be discontinued or considered as closed/ cancelled by the AMC upon 3 failed attempts under each of the frequencies or upon the receipt of notification of death or incapacity of the Investor by the Mutual Fund/AMC. The AMC/RTA shall send a communication to the investor after each failed debit attempt, mentioning that the SWP will cease in case of aforesaid.
- Registration of SWP request would be processed within 05 (five) Business Days from the date of receipt of the said request.

SWP periodicity may be different for each Scheme of the Mutual Fund. The AMC may change the terms and conditions for SWP facility from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from the respective Scheme Information Document, Key Information Memorandum and any of the offices of the AMC, before investing. The same shall be made available on <https://capitalmindmf.com>

SIP Top-Up facility shall not be available in case of Micro-SIP.

4) Inter-Scheme Switching Facility

The Mutual Fund provides the investors the flexibility to switch their investments (subject to provisions as regards minimum application amount referred above) from any other Scheme(s) / Plans managed by the AMC, as per the features of the respective Scheme to the Scheme. This facility will be useful to unitholders who wish to alter the allocation of their investment among scheme(s) / plan(s) of the Mutual Fund in order to meet their changed investment needs.

To effect a switch, a Unit Holder must provide clear instructions. Such instructions may be provided in writing or by completing the corresponding form

The switch will be effected by way of a redemption of units from the Source scheme(s) / plan(s) as per the applicable NAV and cut off and investment of the proceeds will be made in the target Scheme(s)/Plan(s).

The Switch request must comply with the Redemption rules of the Source Scheme/Plan and the issue rules of the Target Scheme/ Plan (for e.g. as to the minimum number of Units that may be redeemed or issued, Exit Load etc).

The price at which the units will be switched out of the respective Scheme/Plans will be based on the Redemption Price, and the proceeds will be invested in the Scheme / Plan at the applicable NAV.

All allotments will be provisional, subject to realisation of payment instrument and subject to the AMC having been reasonably satisfied that the Mutual Fund has received clear funds.

5) Switch of units from Regular Plan to Direct Plan within the same Scheme of the Mutual Fund:

No exit load shall be levied in case of switch of investment from Regular Plan to Direct Plan and vice versa. Such Switch may entail tax consequences. Investors/Unit Holder(s) should consult their professional tax advisor before initiating such requests.

6) Pledge of Units for Loans

Units can be pledged by the Unit Holders as security for raising loans, subject to any rules/restrictions that the Trustee may prescribe from time to time.

For Units held in demat form, the rules of the respective DP will be applicable for pledge of the Units. Units held in demat form can be pledged by completing the requisite forms/formalities as may be required by the Depository. The pledge gets created in favour of the pledgee only when the pledgee's DP confirms the creation of pledge in the system.

In case of Units held in physical form, the Registrar will note and record such pledge. A standard form for this purpose is available at any of the official points of acceptance of transactions and on <https://capitalmindmf.com>.

7) OTM – One Time Mandate ('Facility')

This Facility enables the Unit Holder/s of the Mutual Fund to transact with in a simple, convenient and paperless manner by submitting OTM - One Time Mandate registration form to the Mutual Fund which authorizes his/her bank to debit their account up to a certain specified limit per day, as and when they wish to transact with the Mutual Fund, without the need of submitting cheque or fund transfer letter with every transaction thereafter.

This Facility enables Unit holder(s) of the Mutual Fund to start Systematic Investment Plan (SIP) or invest lump sum amounts in any Scheme of the Mutual Fund by sending instructions through Transaction forms, and online facility specified by the AMC. This Facility is only available to Unit holder(s) of the Mutual Fund who have been assigned a folio number by the AMC.

Unit Holder(s) are requested to note that the AMC reserves the right to amend the terms and conditions, or modify, or discontinue the Facility for existing as well as prospective investors at anytime in future.

For general terms and conditions and more information, Unit holder(s) are requested to read Terms and Conditions, OTM - One Time Mandate registration form available at the Official Point of Acceptance of Transactions of AMC/ RTA and also available on <https://capitalmindmf.com>.

C. Default Scenario under plans / options of the scheme

Pursuant to Securities and Exchange Board in India (SEBI) circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, Direct Plan was introduced for all open-ended funds with effect from Jan 01, 2013. Direct Plan is a separate plan for direct investments i.e. investments not routed through a distributor. The below point summarizes the procedures which would be adopted while processing application form/transaction request by the AMC:

Default scenarios available to the Investors under the Plans of the Scheme:

The default plan is "Direct Plan", in case the broker code is not stated on the application. Application with broker code will be processed under Regular plan only.

S No	Broker / ARN code Mentioned by the Investor	Plan Mentioned by the Investor	Default plan to be captured
1	Not Mentioned	Not Mentioned	Direct Plan
2	Not Mentioned	Direct Plan	Direct Plan
3	Not Mentioned	Regular Plan	Direct Plan
4	Mentioned	Direct Plan	Direct Plan
5	Direct	Not Mentioned	Direct Plan
6	Direct	Regular Plan	Direct Plan
7	Mentioned	Regular Plan	Regular Plan
8	Mentioned	Not Mentioned	Regular Plan

For more details and understanding on default plan/Option, please refer the Scheme Information Document [SID] of respective scheme.

Where to submit application forms?

Investors may submit completed Application Forms as under:

During the New Fund Offer

- 1) The AMC Authorized Collection Centres (Fresh Application & Switch) including the website of AMC.
- 2) Investor Service Centre (ISCs).
- 3) Electronic transactions through specified banks, financial institutions, or other entities with whom the AMC has entered or may enter into specific arrangement for purchase/switches of units, during NFO's, if any.
- 4) All trading Member of Stock Exchange, who are registered with AMFI as Mutual Fund Advisors offering the facility of purchase and redemption of units through Exchanges Platform are the official Acceptance points for fresh applications if the NFO of the scheme offered through the Exchange Platform.
- 5) Self-Certified Syndicate Banks (SCSBs) can accept applications for ASBA facility.

During the Continuous Offer

- 1) Investor Service Centre (ISCs) and Transaction Points (TPs) of the Registrar.
- 2) The office of the Registrar in Hyderabad and all branches of the Registrar.
- 3) Official Acceptance Points of the AMC including the website of AMC.
- 4) Electronic transactions through website of Capitalmind Mutual Fund i.e. <https://capitalmindmf.com>, website of the Registrar, Specified banks, financial institutions, other entities with which the AMC has entered or may enter into specific

arrangement for purchase/sale / switches of units. KFinTech, the Registrar & Transfer Agent of the Mutual Fund will be the Official Acceptance point for the transactions.

- 5) The AMC/ Registrar shall not be liable for any loss/ damage/ claim arising out of incorrect processing of transaction received through <https://capitalmindmf.com> on account of incorrect data entered due to illegible fax, delay in receipt of fax due to technical reasons, etc.. Further, the investor shall hereby agree to indemnify the AMC / Registrar from and against all actions, loss, charges, claims, damages, expenses and demands whatsoever, which may be brought against the AMC/ Registrar and which the AMC/ Registrar shall or may sustain or be put through by reason of processing the transaction on fax/ email/ any other electronic mode.
- 6) All trading Member of Stock Exchange, who are registered with AMFI as Mutual Fund Advisors offering the facility of purchase and redemption of units of Capitalmind Mutual Funds through Exchanges Platform are the official Acceptance points for fresh applications if the NFO of the scheme offered through the Exchange Platform. Further in line with para 16.2.10 of SEBI Master Circular, it has been decided to allow investors to directly access infrastructure of the recognised stock exchanges to purchase and redeem mutual fund units directly from Mutual Fund/ AMC.

D. Other Information

1) Validation of Email ID/ Mobile Number

- a) RTA shall carry out basic validations to check for correctness in terms of the syntax, invalid mobile number/ email address/ domain, etc. RTA shall update only validated contact details in investor folio, including those sourced from KRA.
- b) Platforms are advised to authenticate the contact details received in digital mode prior to submission to RTA to avoid failures
- c) RTA shall run a verification process to detect seeding of contact details of intermediaries (MFD, RIA, RTA, AMC) or their employees in folios which do not belong to such persons/entities. RTA shall look up the Central Distributor master and Employee Unique Identity Number (EUIN) master maintained by RTA (as a service provider to AMFI for management of ARN and EUIN), RIA master maintained by RTA, employee master of RTA and employee master shared by AMC.
- d) The contact details of Foreign Portfolio Investors (FPI) shall be permitted to be registered in the relevant folios.
- e) On detection of any instance of contact details not belonging to the customer, such contact details shall be removed from the investor folios and an intimation may be sent to the investor.

- f) On detection of any such instance of multiple investors with common contact details, RTA shall request the investor to either submit a declaration stating that the contact details belong to the 'Family' of the investor or submit a request to modify contact details. Family means self, spouse, dependent children, dependent siblings, dependent parents, and a guardian in case of a minor.
- g) AMC/RTA shall carry out the various processes as listed in stated AMFI Circular to authenticate the contact details prior to updating a new contact detail in investor records.

2) Two Factor Authentication for Redemptions

- a) Two-Factor Authentication (2FA) shall be required to be performed for all redemptions received in non-physical modes, i.e. where signature verification is not possible including web, app, SMS, email, etc.
- b) 2FA shall be undertaken by sending OTP to the contact details registered in the investor folio with the AMC.
- c) Online Channel Partner Platforms shall provide contact details viz. email ID and/or mobile number used for 2FA, as part of transaction feeds. RTAs shall reject redemption transaction if the contact details provided by the Platform do not match with the registered contact details in the investor folio of the AMC.
- d) 2FA shall be carried out at the time of investor placing the Redemption/ Switch Request. With respect to Systematic Plans (Withdrawal and Transfer), a one-time two-factor authentication shall be carried out at the time of registration of the Systematic Transaction Request.
- e) Redemption triggered by the AMC (maturity, merger, winding up of a scheme) will not require 2FA

3) Updation of contact details:

As per AMFI Best Practice Guidelines the contact details i.e. email ID and/or mobile number is to be validated by receiving electronic confirmation. The contact details which are not validated will not be registered in the folio. In case the investors desire to register any of the contact details of any of the family member, the declaration is to be provided in the application at the time of investing or by way of separate request. There shall be a cooling period of 10 days for acceptance of change of bank mandate digitally post change of both email ID and mobile number in an investor folio

4) Technical issues when transactions are processed through online facilities/ electronic modes.

The time of transaction done through various online facilities/ electronic modes offered by the AMC, for the purpose of determining the applicability of NAV, would be the time when the request for purchase / SIP/ sale / switch of units is received in the servers of AMC/RTA. In case of transactions through online facilities / electronic modes, there may be a time lag of few seconds or upto 5-7 Business Days between the amount of subscription being debited to investor's bank account and the subsequent credit into the respective Scheme's bank account. This lag may impact the applicability of NAV for transactions where NAV is to be applied, based on actual realization of funds by the Scheme. Under no circumstances will the AMC or its bankers or its service providers be liable for any lag / delay in realization of funds and consequent pricing of units.

VII. RIGHTS OF THE UNITHOLDERS OF THE SCHEME

- 1) Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
- 2) When the Mutual Fund declares an Income Distribution cum Capital Withdrawal (IDCW)/dividend under a scheme, IDCW/ dividend warrants shall be dispatched to the Unit Holders within 7 (seven) Business Days from the record date of IDCW/dividend.
- 3) Consolidated Account Statement ('CAS') at mutual fund industry level for each calendar month will be issued on or before 15th day of succeeding month to all unit holders having financial transactions and who have provided valid Permanent Account Number (PAN). For folios not included in the CAS, the AMC shall issue a monthly account statement to the unit holders, pursuant to any financial transaction done in such folios; the monthly statement will be sent on or before 15th day of succeeding month. In case of a specific request received from the unit holders, the AMC shall provide the account statement to the unit holder within 05 (five) Business Days from the receipt of such request. If a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 5 Business Days of the receipt of request for the certificate.
- 4) The Mutual Fund shall dispatch redemption or repurchase proceeds within 03 (three) Business Days of accepting the valid redemption or repurchase request. For schemes investing at least 80% of total assets in such permissible overseas investments, 05 (five) Business Days of accepting the valid redemption or repurchase request. Further, in case of exceptional scenarios as prescribed by AMFI vide its communication no. AMFI/ 35P/

MEM-COR/ 74 / 2022-23 dated January 16, 2023, read with clause 14.1.3 of SEBI Master Circular, the AMC may not be able to adhere with the timelines prescribed above.

- 5) The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
- 6) The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
- 7) 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.
- 8) The Trustee shall obtain the consent of the Unit holders:
 - a. whenever required to do so by SEBI, in the interest of the Unit holders.
 - b. whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme.
 - c. when the majority of the trustees decide to wind up a scheme in terms of clause (a) of sub regulation(2) of regulation 39 of SEBI (Mutual Funds) Regulations, 1996 or prematurely redeem the units of a close ended scheme.
- 9) The trustees shall ensure that no change in the fundamental attributes of any Scheme, the fees and expenses payable or any other change which would modify the scheme and affect the interest of the unit holders is carried out by the AMC, unless it complies with sub-regulation (26) of regulation 25 of SEBI (Mutual Funds) Regulations, 1996.
 - a. a written communication about the proposed change is sent to each unitholder and an advertisement is given in one English newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated; and
 - b. The unitholders are given an option to exit at the prevailing NAV without any exit load
- 10) In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.
- 11) In order to facilitate awareness of investors about various activities which an investor deals with, SEBI has prepared an Investor Charter for Mutual Funds, inter-alia, detailing the services provided to Investors, Rights of Investors, and various activities of Mutual Funds with timelines, DOs and DON'Ts for Investors and Grievance Redressal Mechanism. The same has been available on the website of AMC.

UNCLAIMED REDEMPTION / IDCW AMOUNT

As per para 14.3 of the Master Circular, The unclaimed redemption and dividend amounts, that are currently allowed to be deployed only in call money market or money market instruments, shall also be allowed to be invested in a separate plan of Overnight scheme / Liquid scheme/

Money Market Mutual Fund Scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts.

Provided that such Scheme(s) where the unclaimed redemption and dividend amounts are deployed shall be only those Overnight scheme/ Liquid scheme / Money Market Mutual Fund schemes which are placed in A-1 cell (Relatively Low-Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix.

AMCs shall not be permitted to charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped as per the TER of direct plan of such scheme or at 50 bps, whichever is lower.

Further, for the Unclaimed redemption and dividend amounts deployed by Mutual Funds in Call Money Market or Money Market instruments, the investment management and advisory fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

Investors who claim the unclaimed amounts during a period of three years from the due date shall be paid initial unclaimed amount along with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education

The AMC shall make a continuous effort to remind investors through letters to take their unclaimed amounts. The information on amount unclaimed and number of such investors for each Scheme shall be disclosed in the annual report sent to the Unitholders.

Further, the AMC will also provide on its website, a list of names and addresses of investors in whose folios there are unclaimed amounts which can be obtained by an investor only upon providing his appropriate credentials (like PAN, date of birth etc.) along-with adequate security control measures being put in place by Mutual Fund.

The website of Mutual Fund shall also provide information on the process of claiming the unclaimed amount and the necessary forms / documents required for the same.

Further, the information on unclaimed amount along-with its prevailing value (based on income earned on deployment of such unclaimed amount), shall be separately disclosed to investors through the periodic statement of accounts / Consolidated Account Statement sent to the investors.

VIII. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

The Mutual Fund shall value its investments according to the valuation norms, as specified in the Eighth Schedule of the Regulations, or such guidelines / recommendations as may be specified by SEBI/AMFI from time to time

Introduction / Overview: Regulation 47 and the Eighth schedule to the SEBI (Mutual Funds) Regulations, 1996 provides the principles of Fair Valuation of securities by the mutual funds, which governs the valuation policy adopted by the Mutual Fund, along with the various circulars issued by the SEBI from time to time.

The Regulations require that mutual funds shall value their investments in accordance with the principles of fair valuations. It further prescribes that the valuation shall be reflective of the realizable value of the securities and should take into consideration prices of the same security or similar security reported on all available public platforms.

The valuation shall be done in good faith and in a true and fair manner through appropriate valuation policies and procedures including dealing with exceptional events, duly approved by the Board of AMC.

The Regulation also states that in case of any conflict between the principles of fair valuation and valuation guidelines as per Eighth schedule and circulars issued by SEBI, the principles of fair valuation shall prevail. AMC / Sponsor shall be liable to compensate investors / schemes for any unfair treatment to any investor as a result of inappropriate valuation. The purpose of the Valuation Policy is primarily to:

- Describe the methodologies for valuing each type of security held by the schemes.
- Ensure the appropriateness of the methodologies used.
- Describe the process to deal with the exceptional events;
- Address conflict of interest.
- Ensure transparency by making appropriate disclosures

Constitution of Valuation Committee: In accordance with the SEBI's Master Circular for Mutual Funds, every AMC should have a valuation committee to review investment valuation practices. Valuation committee of AMC consists of Chief Executive Officer (CEO), Head of Equity, Head of Debt, Fund Managers (Equity and Debt), Head of Operations, Finance Director, and Head of Compliance. The CEO shall be the Chairperson of the Valuation Committee. The said committee shall meet quarterly basis or more often, if required to deliberate on specific proposals.

The Functions of the Valuation Committee include

- Approve and periodically review the Valuation Policy as the owner of the Policy
- Ensure all valuations are carried out as per the Valuation Policy and SEBI guidelines;
- Periodically review the accuracy and appropriateness of methods used in arriving at the fair value of securities and recommend changes, if any;
- Discuss key valuation issues and exceptions permitted under this Policy and SEBI guidelines;
- Approve deviations to prices provided by valuation agencies in the interest of fair and appropriate valuation;
- Review all Inter scheme transfers, review exceptions if any.
- Recommend valuation methodology for a new type of security;
- Determine an event to be abnormal or exceptional and recommend valuation methods to be adopted during such an event;
- Lay down procedures to detect and prevent incorrect valuation;
- Report any deviations or incorrect evaluations to the Board of the AMC and Trustees;
- Decide on specific cases as may be referred to the Committee;
- Appoint/recommend the appointment of third-party agencies for valuation and evaluate the performance of such agencies on a periodic basis
- Appoint independent auditor to annually review Valuation Policy and related procedures
- Review polls submitted to valuation agencies and examine instances of potential conflict of interest, breaches or *mala fide* intent.

The Valuation Committee shall identify and monitor exceptional events and recommend appropriate procedures / methodologies with necessary guidance from the Board of AMC and Trustee, wherever required, and get the same ratified.

Valuation Policies and Procedures

The Mutual Fund shall value its investments in accordance with the overarching principles of fair valuation as enshrined above. The methodologies for each type of security held by the schemes are provided in **Annexure A**. Investment in any new type of security shall be made only after establishment of the valuation methodology for such security with the approval of the Board of the AMC. All inter-scheme transactions in debt and money market securities (incl. government securities) shall be priced at average of security level prices obtained from valuation agencies, currently CRISIL and ICRA.

Waterfall Mechanism for valuation of money market and debt securities to be used by valuation agencies and guidelines issued by AMFI on polling process for money market and debt securities is provided in **Annexure B**.

Exceptional events: In any situation that is not envisaged by the AMC Valuation policy or where an exception is made in the interest of fair valuation, the Valuation Committee will decide on the valuation of the securities as long as this is in line with SEBI Valuation Guidelines.

In case of exceptional events, the Valuation Committee of the AMC shall assess the situation and advise appropriate method of valuation for the impacted securities. Such decision of Valuation Committee shall subsequently / suitably be reported to the AMC and the Trustee Board. Such events or situation may, inter alia, include the following:

- a. Major policy announcements by the Reserve Bank of India (RBI), the Government or any Regulatory body like (SEBI/IRDA/PFRDA).
- b. Natural disasters or public disturbances that may impact the functioning of the capital markets.
- c. Absence of trading in a specific security or similar securities.
- d. Suspension of trading of a specific security for more than 30 days
- e. Sufficient market information may not be available for the Valuation of Securities.
- f. Valuation Agencies do not provide Valuation for Securities.
- g. Significant volatility in the capital markets.
- h. Deviation from the indicative haircuts and/or the valuation price.
- i. Any other event perceived to be exceptional by the Valuation Committee.

Note:

1. Any change/modification to the above list of exceptional events shall be updated from time to time.
2. The Valuation Committee shall identify and monitor the exceptional events and recommend appropriate procedures/methodologies with necessary guidance from the Board of AMC and Trustee, wherever required, and get the same ratified.

Conflict of Interest: The implementation of valuation policy and methodologies as adopted / authorized by the Board of AMC and Trustee shall be subject to review by Valuation Committee. The Valuation Committee will be responsible for addressing areas of conflict of interest and therein recommend changes, if any, in policy/methodology. The same shall be ratified with the Board of AMC and Trustee

Deviation: Investments shall be valued as per the methodologies mentioned in the AMC Valuation Policy, which aims to enable true and fair valuation of securities. However, if the valuation of any particular asset/ security does not result in a fair valuation or under exceptional circumstances, the Valuation Committee would have the right to deviate from the established policies in order to value the asset/security at fair/appropriate value. Such

deviations shall be appropriately reported to the AMC and Trustee boards and disclosed to the Investors as may be decided by the Valuation committee.

In case the AMC decides to deviate from the valuation price given by the valuation agencies:

- a. the detailed rationale for each instance of deviation shall be recorded by the AMC;
- b. the instances of deviation and the rationale along-with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis-a-vis the price as per the valuation agencies and the impact of such deviation on scheme NAV (in amount and percentage terms) will be informed to the Boards of the AMC & Trust Company; and
- c. such rationale along with the details mentioned above will be disclosed immediately and prominently on the website of the AMC under a separate head.
- d. while disclosing the total number of instances of deviation in the monthly and half-yearly portfolio statements, the AMC shall also provide the exact link to their website for accessing the information mentioned above

Periodic Review: In order to ensure the appropriateness and accuracy of the valuation methodologies as and effective implementation, a review at regular intervals as specified by the Valuation Committee shall be carried out by the Internal Auditors. The report by the Internal Auditors shall be placed before the Audit Committee of the Board of AMC and Trustee. Further, the valuation policies and procedures will be reviewed at least once in a Financial Year by an Independent Auditor.

Disclosure and Record Keeping: In order to ensure transparency of valuation norms by the AMC, the valuation policy and procedures shall be disclosed in the Statement of Additional Information (SAI) and on the website of the AMC and at any other place as may be specified by SEBI or the AMC and Trustee Board. All the documents which form the basis of valuation shall be maintained in electronic or physical form. These records shall be preserved in accordance with the norms prescribed by the SEBI Regulations and guidelines.

Annexure A

1. Equity & Equity Related Securities

1. Traded Securities- Equity and Equity Related Securities (Including Redeemable Preference shares and Cumulative Convertible Preference Share (CCPS), Partly Paid-up Equity Shares & Warrants)
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- | |
|---|
| <ul style="list-style-type: none">• On the valuation day, at the last quoted closing price on the National Stock Exchange |
|---|

(NSE) or Bombay Stock Exchange, where such security is listed. NSE is the Principal Stock Exchange for the purpose of our valuation. If the stock is not traded / quoted on NSE, but traded on secondary stock exchange, then the last quoted closing price of secondary stock exchange will be considered.

- When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on NSE or BSE or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to the valuation date.
- In case the last traded price is more than 30 days such security will be valued as a non-traded security.
- Securities held by Exchange Traded Funds (ETFs) and Index funds which are benchmarked to indices relating to a particular stock exchange will be valued using the last quoted closing price on stock exchange of the underlying benchmark index. For e.g. for a Sensex Fund, the principal stock exchange will be the BSE.
- In case the security is traded in periodic call auction session, the security shall be valued as per last quoted closing price of such periodic call auction session

Traded Partly Paid-up Equity Shares: . In case the partly paid-up equity shares are traded in the market separately, the partly paid-up equity shares would be valued at the last quoted closing price. (like any other Equity instrument).

Traded Warrants: In case of the warrants been traded separately they would be valued as per the valuation guidelines applicable to equity share

2. Thinly Traded / Non-Traded

Thinly and Non-traded securities shall be valued “in-good faith” by the asset management company on the basis of appropriate valuation methods. The supporting data in respect of each security so valued must be preserved. The methods used to arrive at values “in-good faith” shall be periodically reviewed by the trustees and reported upon by the auditors as “fair and reasonable” in their report on the annual accounts of the fund.

In case an individual security constitutes less than 5% of Net Assets & the Balance sheet is available within 9 months from the close of the year:

Valuation would be done as per the following method:

1. Net worth per share = [Share Capital + Free Reserves (excluding Revaluation Reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure & Debit Balance in Profit and Loss Account] / No. of paid up shares.
2. Average Capitalization rate (P/E ratio) for the industry based upon either NSE or BSE data (which shall be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75%, i.e. only 25% of the industry average P/E shall be taken as Capitalization rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts shall be considered for this purpose. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
3. The value as per the Net Worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for illiquidity so as to arrive at the fair value per share.

In case an individual security constitutes less than 5% of Net Assets but the Balance Sheet is not available within 9 months from the close of the year:

In case where the balance sheet is not available within nine months from close of the year, unless the accounting year is changed, the security would be valued at zero.

In case an individual security accounts for more than 5% of Net Assets:

1. an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total net assets of the scheme, it should be valued by the procedure above and the proportion which it bears to the total net assets of the scheme on the date of valuation shall be taken into account.

Suspension upto 30 days:

In case trading in an equity security is suspended up to thirty days, then the last traded price shall be considered for valuation of that security. If an equity security is suspended for more than thirty days, then the Valuation Committee or Trustees shall decide the valuation norms to be followed, and such norms shall be documented and recorded.

Deviation:

In order to ensure fair valuation, the AMC, after providing suitable justification to and due approval from the Valuation Committee, may decide to value non-traded/thinly traded equity share at a price lower than the value derived using the aforesaid methodology

Non-Traded /Suspended /Thinly Traded Partly Paid-up Equity Shares:

1. Such partly paid-up equity shares shall be valued at its last quoted closing price provided the date of last quoted closing price is not more than 30 days prior to the valuation date
2. In the event the last quoted closing price is more than 30 days prior to the valuation date, the partly paid up equity shares shall be valued at value of the underlying fully paid- up equity shares as reduced by the amount of balance call money payable. Suitable illiquidity discount, if deemed necessary, shall be applied with approval from the Valuation Committee

Thinly traded / non-traded warrants / Unlisted warrants

In respect of warrants to subscribe for shares attached to securities, the warrants can be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant after applying suitable discount for illiquidity

3. Unlisted Equity Securities

I. In case an individual security constitutes less than 5% of Net Assets & the Balance sheet is available within 9 months from the close of the year:

Valuation would be done in the following method:

Calculation of net worth per share: Based on the latest available balance sheet, Net Worth shall be calculated as the lower of the formula (1) and (2) below:

Formula 1

Net Worth per share = [Share Capital + Free Reserves (excluding revaluation reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] / No. of paid up shares.

Formula 2 :

After taking into account the outstanding warrants and options, net worth per share shall again be calculated and shall be:

Net Worth per share = [Share Capital + consideration on exercise of Option and/or Warrants received / receivable by the Company + Free Reserves (excluding Revaluation Reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets, and accumulated losses] / Number of paid shares plus Number of

shares that would be obtained on conversion and/or exercise of Outstanding Warrants and Options.

The lower of (1) and (2) above shall be used for calculation of Net Worth per share and for further calculation in (b) below.

- a) Average Capitalization rate (P/E ratio) for the industry based upon either BSE or NSE data (which shall be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75%, i.e. only 25% of the industry average P/E shall be taken as Capitalization rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts shall be considered for this purpose. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- b) The value as per the Net Worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15% for illiquidity so as to arrive at the fair value per share.
- c) All calculations shall be based on audited accounts.
- d) If the Net Worth is negative, the share would be marked down to zero.

II. In case a particular security constitutes less than 5% of Net Assets but the Balance sheet is not available within 9 months from the close of the year:

In case where the balance sheet is not available within nine months from close of the year, unless the accounting year is changed, the security would be valued at zero.

III. In case an individual security accounts for more than 5%:

In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it shall be valued in accordance with the procedure mentioned above on the date of the valuation.

IV. To be Listed Companies

Any investment in “To be Listed” Companies will be valued at listed price once it is traded. Prior to trading it shall be valued at purchase cost or book price provided the valuation date does not exceed the purchase date by 30 days. If it is still not traded after 30 days of purchase, then security would be appropriately valued by the Valuation Committee considering the principles of fair valuation.

V. Unlisted Partly-Paid Equity Shares

Such partly paid-up equity shares shall be valued at the value of the underlying fully paid-up equity shares as reduced by the amount of balance call money payable. Suitable illiquidity discount, if deemed necessary, shall be applied with approval from Valuation Committee

Further, after reviewing the valuation of such partly paid-up equity shares, if the prices as per the above methodology does not represent fair price or in case necessary details to value the partly paid-up equity shares are not available, the Valuation Committee will determine fair value based on available information.

VI. Equity and Equity related Securities awaiting listing (Merger/Demerger)

- a. Valuation of merged entity shall be arrived at based on the previous day's last quoted closing price of the respective companies prior to merger.
- b. Where the demerged company is not immediately listed, valuation price shall be worked out by using the previous day's last quoted closing price before demerger reduced for last quoted closing price of the listed company.
- c. Where none of demerged companies are immediately listed, the shares of new companies shall be valued by allocating combined valuation existing as on date of the corporate action to the new companies after taking into consideration the pro-rata shares allotted and other relevant factors.

At the discretion of the AMCs and with the approval of the Trustees, unlisted equity shares may be valued at a price lower than the value derived using the aforesaid methodology.

The Board of the AMC and Board of Trustees have laid down the parameters for investing in unlisted equity shares (including IPOs).

In case additional parameters are required for valuation of such Unlisted securities, the AMC shall formulate the same and the Board of the AMC and the Board of Trustees shall review the same and if agreed, shall approve the same. They shall pay specific attention as to whether due diligence was exercised while making such investments and shall review the performance of such investments in their periodical meetings. Comments on compliance of these guidelines shall be indicated by the AMC and Trustee in their CTRs and Half Yearly Reports filed with SEBI.

4. Corporate Actions: Stock Split/Face Value Change and Buy-Back of Securities

I. Stock Split/ Face value change

In case of stock split, the face value of a stock is reduced and proportionately number of shares is increased. The valuation of equity shares undergoing stock split will be based on the listed closing price of the split-adjusted shares as per the recognized stock exchange and ISIN registry. The cost of one share will be proportionately adjusted in line with stock split change, to derive the new cost of share. On stock split/face value change, in case the company specifies any regulations/ method for cost bifurcation or valuation, the same will be adopted.

II. Buy-back of Securities

If a company offers buy-back hundred percent of the shares tendered, then shares will be valued at the price of buy-back and ignoring the market price. Else, market price of the shares will be considered for valuation till formal confirmation of acceptance of shares tendered under the buy-back schemes. Quantum of shares accepted under buy-back will be accounted as a sale trade. The AMC would inform the Fund Accountant whenever 100% of the shares gets tendered in the buy-back.

5. Equity and Equity related securities under lock-in period / pending listing

These shall be valued based on the last quoted closing price of security after applying suitable discount for illiquidity. Where such securities are subject to a lock-in period exceeding 30 calendar days, an appropriate illiquidity discount shall be applied to reflect the lack of marketability. The discount shall be determined by the Valuation Committee, considering factors such as the remaining duration of the lock-in, trading characteristics of similar securities, issuer-specific risks, and prevailing market conditions.

The Valuation Committee shall decide on the illiquidity discount to be applied, on a case-to-case basis. The AMC shall generally be guided by the illiquidity discount matrix, if any, prescribed by AMFI and accepted by SEBI.

6. Suspended Equity Shares

In case trading in an equity security is suspended for upto 30 days, the last traded price would be used for valuation of that security. If an equity security is suspended for more than 30 days, then valuation methodology would be decided on a case-to-case basis by the valuation committee. Such valuation norms shall be documented and recorded.

7. Initial Public Offering (IPO) Allotment and Private Placement / Pre-IPO Allotment

Such shares shall be classified as “to be listed” / “awaiting listing” .

These shares will be valued at:

- a. cost of acquisition, in case acquired other than IPO route;
- b. allotment price, in case allotted under IPO; till the listing of shares.

If such shares do not get listed on the recognized stock exchange within 60 days of such allotment, shares so acquired will be valued as per the fair value guidelines applicable for unlisted shares.

8. QIP (Qualified Institutional Placement – Equity Shares)

The equity shares allotted through QIP process should be considered on the same lines as the existing listed equity shares and hence should be valued at the market/traded price of the existing listed equity shares.

9. Derivatives – Futures and Options

A. Options:

All traded options are to be valued as per the closing prices and in the absence of traded closing prices, the settlement price declared by the exchange will be considered for valuation. Whenever option contracts are not traded on a given day, the settlement price which reflects fair value shall be used for valuation. However, in such instances the closing price published in bhav copy has no relevance as it reflects last traded price, which is irrelevant. In case no settlement price is available, then a theoretical price as derived by the Black-scholes option pricing formula would be used for valuation.

B. Futures:

The settlement price will be considered for valuation for non-traded contracts. If the contract is traded and settlement price is not available, then closing prices for the security will be considered for valuation.

10. Foreign Securities (Other than units of overseas mutual funds)

Traded - For the purpose of computation of NAV on the same day

- a) Foreign Securities shall be valued based on the last quoted closing price as on the NAV date (T-day) on the Overseas Stock Exchange where the securities are listed. The price in local currency would be obtained and the closing RBI reference rate would be used to calculate the closing price. If the INR price for the security is available, then the same would be used for valuation.

- b) If the stock/ETF is listed in currency for which RBI reference rate is not available, the exchange rates available from Refinitiv (Reuters) exchange rate / Bloomberg (at 5.00 P.M IST) will be used. In case the direct exchange rates are not available on Bloomberg/Reuters, then cross currency rate with USD would be considered and converted as per the INR/USD RBI reference rate.
- c) If the security is listed on more than one stock exchange, the AMC shall select the appropriate stock exchange and the reasons for selection of the stock exchange shall be recorded in writing and approved by the Valuation Committee.
- d) When on a particular valuation day, a security has not been traded on the selected stock exchange, the value at which it is traded on another stock exchange or last available price on the selected stock exchange shall be used provided such date is not more than thirty days prior to the valuation date

Non-Traded Securities:

- a) A non-traded/thinly traded foreign security will be valued by the AMC using the principles of fair valuation after considering relevant factors on case to case basis.
- b) In case of any extra-ordinary event in other markets post the closure of the relevant markets, the AMC will value the security at suitable fair value as determined by the Valuation Committee.
- c) All the corporate action for foreign securities will be recorded on the same basis as valuation of foreign securities by considering a cut off time of 5.00 PM (IST). The corporate action of the securities will be recorded on T day or T+1 day, depending upon the closure of business hours of the stock exchange on which the particular securities are traded / listed.

Indian Depository Receipts:

Valuation of IDRs listed on the Indian Stock Exchange would follow the principles similar to Listed Indian Equity Shares. In case the IDRs are classified as thinly traded or are non-traded, the criteria as laid above for Listed Indian Equity shares shall be applied taking into consideration the relevant company's balance sheet.

11. "Rights" Entitlement

Until the rights are traded, the value of the 'right' entitlement should be valued based on difference between ex-rights price of underlying security and rights offer price as detailed below:

$V_r = n / m * (P_{ex} - P_{of})$, where

- V_r = Value of rights
- n = No. of rights offered
- m = No. of original shares held
- P_{ex} = Ex-rights price
- P_{of} = Rights Offer price

Where the rights are not treated pari passu with the existing shares, suitable adjustment should be made to the value of rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights should be valued at the renunciation value.

- In case the rights offer price is greater than the ex-rights price, the value of the rights share is to be taken as zero
- If the rights are traded separately, then the traded price is the valuation price.
- If the rights are on non-traded shares or unlisted shares, then the rights would be valued at zero market price.

12. Thinly Traded / Non-listed / Unlisted Warrants

In respect of warrants to subscribe for shares attached to securities, the warrants can be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant after applying suitable discount for illiquidity. The quantum of discount would be decided by the Valuation Committee in consultation and inputs from AMFI.

2. Debt and Debt-related securities

Security level prices provided by Valuation Agencies will be used for valuation of debt and money market instruments. AMFI has designated CRISIL Ltd ('CRISIL') and ICRA online Limited ('ICRA') as valuation agencies. The detailed guidelines for valuation of debt and money market instruments are as under:

1. Debt Securities and Money market Securities

All debt and money market securities, including commercial paper, certificate of deposit, bonds, zero coupon bonds, bills, floating rate securities and bills purchased under rediscounting scheme shall, irrespective of residual maturity, be valued based on the average of security level prices as provided by the valuation agencies appointed by AMFI.

In order to have fairness in the valuation of debt and money market securities, the AMC shall

take into consideration prices of trades of same security or similar security reported at all available public platform.

In case of price being available from only one agency, the same will be considered for valuation.

In case of non-availability of prices from AMFI approved agencies-

- a. Traded security will be valued at purchase yield on the date of allotment / purchase.
- b. Non-traded securities will be at the fair value as per procedures determined by the Valuation Committee.

2. Government Securities

Government securities, including Central Government Securities (G-Sec), State Government Securities/Developmental Loans (SDL), Treasury Bills (T-Bills) and Cash Management Bills (CMB) shall be valued at the average of the security level prices obtained from valuation agencies irrespective of the residual maturity.

In case necessary details to value government securities are not available, the valuation committee will determine fair value based on available information

3. Repo, TREPS, Reverse Repo, CROMS (including Corporate Bond Repo)

- a. Non-Overnight: All money market and debt securities including floating rate securities shall be valued at average of security level prices obtained from valuation agencies. In case security level prices given by valuation agencies are not available for a new security, then such security may be valued at purchase yield/price on the date of allotment / purchase.
- b. Overnight securities (i.e., securities with residual maturity of 1 day) shall be valued on a cost-plus accrual basis.

4. Market Linked Debentures

- a. All Market Linked Debentures shall be valued based on the average of security level prices as provided by the agencies appointed by AMFI.
- b. Further, after reviewing the valuation of such Security, if the prices as per the above methodology does not represent fair price or in case necessary details to value the same are not available, the valuation committee will determine fair value based on available information

5. Interest Rate Swap (IRS) & other OTC derivatives

- a. Interest Rate Swaps (IRS) and other OTC derivatives shall be valued based on average

of prices as provided by the agencies appointed by AMFI

- b. IRS shall be valued from the date of allotment (T+1 settlement) based on the average of security-level prices provided by the two valuation agencies appointed by AMFI (currently CRISIL and ICRA). For the period up to the date of allotment, the IRS shall be valued at cost. In the event that prices are not available from either valuation agency on the date of allotment or subsequent dates, the IRS shall be valued at net present value (NPV), computed using the expected future cash flows as per the contract terms. These cash flows shall be discounted using applicable Overnight Indexed Swap (OIS) rates sourced from platforms such as Bloomberg/Reuters or any other source approved by the Valuation Committee.
- c. Further, after reviewing the valuation of IRS/other OTC derivatives, if the prices as per the above methodology does not represent fair price or in case necessary details to value the same are not available, the valuation committee will determine fair value based on available information

6. Interest Rate Futures

Interest Rate Futures shall be valued at day end settlement price / any other equivalent price provided by the stock exchange

7. Short-term deposits with banks

Investments in short -term deposits with banks (pending deployment) shall be valued on cost plus accrual basis

8. Bank Fixed Deposit

All Bank Fixed Deposits will be valued at cost.

9. Securities with Put/Call Options

- A. Securities with call option
The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.
- B. Securities with put option
The securities with put options shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option. In case there are multiple put options, the highest value obtained by valuing to the various put dates

and valuing to the maturity date is to be taken as the value of the securities.

C. Securities with both put and call option

1. Only securities with put/call options on the same day and having the same put and call option price, shall be deemed to mature on such put/call date and shall be valued accordingly.
2. In all other cases, the cash flow of each put/call option shall be evaluated and the security shall be valued on the following basis:
 - a) Identify a 'Put Trigger Date', a date on which 'price to put option' is the highest when compared with price to other put options and maturity price.
 - b) Identify a 'Call Trigger Date', a date on which 'price to call option' is the lowest when compared with price to other call options and maturity price.
 - c) In case the Put Trigger Date or Call Trigger Date is not available, the valuation shall be done to the maturity price. In case one of the trigger dates is available, then the valuation would be done as to the said trigger date.
 - d) In cash both trigger dates are available, then the valuation would be done to the earliest date.

D. Justification for non-exercise of put option

1. A put option shall be considered as 'in favor of the scheme' if the yield of the valuation price ignoring the put option under evaluation is more than the contractual yield / coupon rate by 30 basis points.
2. In the event a put option is not exercised, when exercising such put option would have potentially been in favor of the scheme, a justification for non-exercise of the put option shall be provided to the Board of the AMC and Trustees on or before the last date of the notice period.
3. In case of securities with multiple put options present ab-initio wherein put option is factored into valuation of the security by the valuation agency, if the put option is not exercised by the Mutual Fund, when exercising the put option would have been in favor of the scheme, a justification for not exercising the put option shall be provided to the valuation agencies, board of the AMC and Trustees, on or before the last date of the notice period. The valuation agencies shall not take into account the remaining put options for the purpose of valuation of the security.

10. Non - Investment Grade Securities

- a. All money market and debt securities which are rated below investment grade shall be valued at the price provided by valuation agencies appointed by AMFI
- b. From the date of the credit event/ratings downgrade to below investment grade, till such

time the valuation agencies compute the valuation of money market and debt securities classified as below investment grade, such securities shall be valued based on indicative haircuts provided by these agencies.

- c. These indicative haircuts shall be applied on the date of credit event i.e., migration of the security to sub-investment grade and shall continue till the valuation agencies compute the valuation price of such securities. Further, these haircuts shall be updated and refined, as and when there is availability of material information which impacts the haircuts.
- d. The treatment of accrued interest and future accrual of interest for money market and debt securities rated below investment grade, is detailed below:
 1. The indicative haircut that has been applied to the principal should be applied to any accrued interest.
 2. For securities classified as below investment grade but not default, interest accrual may continue with the same haircut applied to the principal. In case of securities classified as default, no further interest accrual shall be made. (the indicative haircut communicated by AMFI vide its communication dated April 30, 2019 is given as Note A below).
- e. Consideration of traded price for valuation
 1. Where such securities are traded (as per the minimum lot size determined by the agencies appointed by AMFI) during the interim period from the date of the credit event and receipt of valuation price and if such trade price is lower than the price post standard hair cut then the traded price will be considered for such valuation till valuation price is determined by the agencies appointed by AMFI.
 2. In case of trades (as per the minimum lot size determined by the agencies appointed by AMFI) after the valuation price is computed by the agencies appointed by AMFI as referred above and where the traded price is lower than such computed price, such traded price shall be considered for the purpose of valuation, and the valuation price may be revised accordingly
 3. The AMC may deviate from the indicative haircuts and/or the valuation price for money market and debt securities rated below investment grade provided by the agencies appointed by AMFI by recording and disclosing detailed rationale for such deviation as per *Deviation from indicative haircuts and/or valuation price provided by valuation agencies (below)* with the approval of Valuation Committee

In case of any deviation from the valuation price for money market and debt securities rated below investment grade provided by the valuation agencies, AMC shall follow the procedure as

mentioned in SEBI Circular No SEBI/HO/IMD/DF4/CIR/P/2019/41 dated March 22, 2019 and SEBI Circular No SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019.

Treatment of future recovery

- a. Any recovery shall first be adjusted against the outstanding interest recognized in the NAV and any balance shall be adjusted against the value of principal recognized in the NAV.
- b. Any recovery in excess of the carried value should then be applied first towards amount of interest written off and then towards amount of principal written off.

11. Deviation from indicative haircuts and/or valuation price provided by valuation agencies

The AMC may deviate from the indicative haircuts and/or the valuation price for money market and debt securities rated below investment grade provided by the valuation agencies subject to the following:

- a. The detailed rationale for deviation from the price post haircuts or the price provided by the valuation agencies shall be recorded by the AMC.
- b. The rationale for deviation along-with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis-a-vis the price post haircuts or the average of the price provided by the valuation agencies (as applicable) and the impact of such deviation on scheme NAV (in amount and percentage terms) shall be reported to the Board of AMC and Trustees.
- c. The rationale for deviation along-with details as mentioned at para above shall also be disclosed to investors. In this regard, the AMC shall immediately disclose instances of deviations under a separate head on their website. Further, the total number of such instances shall also be disclosed in the monthly and half-yearly portfolio statements for the relevant period along with an exact link to the website wherein the details of all such instances of deviation are available.

12. Change in Terms of Investment

While making any change to terms of an investment, the AMC shall adhere to the following conditions:

- a. Any changes to the terms of investment, including extension in the maturity of a money market or debt security, shall be reported to valuation agencies and SEBI registered Credit Rating Agencies (CRAs) immediately, along-with reasons for such changes
- b. Any extension in the maturity of a money market or debt security shall result in the security being treated as "Default", for the purpose of valuation
- c. If the maturity date of a money market or debt security is shortened and then

subsequently extended, the security shall be treated as “Default” for the purpose of valuation

- d. Any put option inserted subsequent to the issuance of the security shall not be considered for the purpose of valuation and original terms of the issue will be considered for valuation

Note A: The indicative haircut communicated by AMFI is as under:

(i) Haircuts for senior, secured securities (indicative & subject to change by valuation agencies)

Rating / Sector	Infrastructure, Real estate, Loan shares and Hospitals	Hotels, against and	Other Manufacturing and Financial Institutions	Trading, Gems & Jewellery and others
BB	15%		20%	25%
B	25%		40%	50%
C	35%		55%	70%
D	50%		75%	100%

(ii) Haircuts on subordinated and unsecured (or both) securities (indicative & subject to change by valuation agencies)

Rating / Sector	Infrastructure, Real estate, Loan shares and Hospitals	Hotels, against and	Other Manufacturing and Financial Institutions	Trading, Gems & Jewellery and others
BB	25%		20%	25%
B	50%		40%	50%
C	70%		55%	70%
D	100%		75%	100%

3. Units of Mutual Funds (including ETFs) and corporate debt Market Development Fund of India

1. Units of Domestic Mutual Fund (including ETFs)

- a. Units of Domestic Mutual Funds , listed and traded on exchanges would be valued at the last quoted closing price on the stock exchange, where such security is listed. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered. NSE will be the primary stock exchange
- b. Unlisted Mutual Fund Units and listed but not traded Mutual Fund Units (including ETF's) would be valued at the NAV as on the valuation day
- c. In case if on any valuation day the domestic mutual fund is having a non-business day then the previous day closing price / NAV would be considered for valuation.

2. Valuation of Fund of Funds (FoFs) investing in ETFs

- a. The closing price of the units of ETFs on the primary stock exchange shall be used for valuation by FoFs investing in such ETFs.

3. Units of Overseas Mutual Fund (including ETFs)

- a. Overseas Mutual Fund Units (including ETF's) listed and traded on exchanges would be valued at the last quoted closing price on the overseas stock exchange, where the security is listed on multiple exchanges, price of the primary stock exchange in the respective jurisdiction would be considered for valuation.
- b. Unlisted Mutual Fund Units and listed but not traded Mutual Fund Units (including ETF's) would be valued at the NAV as on the valuation day.
- c. In case if on any valuation day the overseas mutual fund is having a non-business day then the previous day closing price / NAV would be considered for valuation.

4. Investments in Real Estate Investment Trust (REITs) and Infrastructure Investment Trust (InvITs)

Allotted but listing awaited

Units of InvIT and REIT post allotment but awaiting listing will be valued at allotment price.

Listed and Traded/Non- Traded

- a. Where units of InvIT and REIT are listed but not traded after initial listing, valuation will be determined by the Valuation Committee based on the principles of fair valuation.
- b. Valuation of units of InvIT and REIT will be based on the last quoted closing price on the principal stock exchange where such security is listed. The AMC has selected NSE

as principal stock exchange, for all schemes other than Index based Funds/ETF. For index-based schemes/ETF, the Principal stock exchange would be the exchange where the underlying benchmark index has been set up. If no trade is reported on the principal stock exchange on a particular valuation date, units of InvIT and REIT shall be valued at the last quoted closing price on other recognised stock exchange. For this purpose, only NSE and BSE shall be considered as the recognized stock exchanges.

- c. When units of InvIT and REIT is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on any day immediately prior to valuation day or latest NAV declared by the investment manager of the trust, whichever is later, shall be considered for valuation provided that such date is not more than thirty days prior to the valuation date.
- d. Where units of InvIT and REIT are not traded on any stock exchange for a continuous period of 30 days then the valuation for such units of InvIT and REIT will be determined based on the price provided by an independent valuation agencies. The selection of the independent valuation agencies will be approved by the Valuation Committee.
- e. Where the valuation for units of InvIT and REIT is not available from any independent valuation agencies, the valuation will be determined by the Valuation Committee based on the principles of fair valuation.

5. Other Securities

1. Convertible Debentures

- a. In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately.
- b. The non-convertible component should be valued on the same basis as would be applicable to a debt instrument.
- c. The convertible component should be valued on the same basis as would be applicable to an equity instrument. If, after conversion, the resultant equity instrument would be traded *pari passu* with an existing instrument which is traded, the value of the latter instrument can be adopted after an appropriate discount of the non-tradability of the instrument during the period preceding the conversion while valuing such instruments, the fact whether the conversion is optional should also be factored in. The quantum of discount would be decided by the Valuation committee in consultation and inputs from AMFI.

2. Cumulative Convertible Preference Shares (CCPS)
<p>a. CCPS would be valued at the traded prices. If CCPS is not traded it would be valued along lines of convertible debentures or as valuation committee may decide.</p>
3. Valuation of securities not covered under the AMC Valuation Policy
<p>a. In case of security/ies purchased by the fund does not fall within the current framework of the valuation of securities then the same shall be reported immediately to AMFI. Further, at the time of investment AMC shall ensure that the total exposure in such securities does not exceed 5% of the total AUM of the scheme.</p> <p>b. AMFI will advise the valuation agencies to ensure that the valuation of such securities gets covered in the valuation framework within six weeks from the date of receipt of such intimation from the AMC</p> <p>c. In the interim period, till AMFI makes provisions to cover such securities in the valuation of securities framework, the AMC shall value such securities using their proprietary model which has been approved by the independent trustees and the statutory auditors</p>
4. Valuation for Inter Scheme Transfer (IST)
<p>Transfer of securities through inter-scheme shall be at the market price or fair valuation price.</p> <p>Listed Equity Shares: Inter scheme to be done on latest quote for a particular security on Bloomberg, Reuters, etc.</p> <p>Debt & Money Market Securities: (Government Securities/ T-Bills/ Commercial Paper/ Certificate of Deposit/ Bonds/ Zero Coupon Bonds/ Bills/ Floating rate securities)</p> <ol style="list-style-type: none"> 1. IST of Securities will be done as per the average prices provided by AMFI approved agencies currently CRISIL & ICRA 2. If prices from the valuation agencies are received within the pre-agreed TAT as per AMFI, an average of the prices so received shall be used for IST pricing. 3. If price from only one valuation agency is received within the agreed TAT, that price may be used for IST pricing. 4. If prices are not received from any of the valuation agencies, AMC may determine the price for the IST, in accordance with Clause 3 (a) of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996 which states that transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if such transfers are done at the prevailing market price for quoted instruments on spot basis, where “spot basis” shall have same meaning as specified by stock exchange for spot transactions.
5. Exchange Traded Commodity Derivatives (ETCDs) (for Gold, Silver & Cash Settled ETCDs)
<p>a. Exchange Traded Commodity Derivatives (ETCDs) shall be valued at the last quoted</p>

closing price on the exchange where such ETCD Contracts are Listed.

- b. In the event the last quoted closing price as referred above is not available, such ETCD contracts shall be valued at the Settlement price of the respective stock exchange
- c. In case necessary details to value ETCDs are not available or if the prices as per above do not represent fair price, the valuation committee, in order to ensure fair valuation, will determine price, based on the available information.

6. Party Paid Debentures

- a. The schemes shall make investment in partly paid debentures only when payment of the remaining amount is linked to clear, pre-defined events (i.e. is subject to conditions precedent). For avoidance of doubt any event which is purely time based shall not be considered as a pre-defined event. Such conditions precedent should be clearly outlined in the Agreement for subscription of the debentures / Offer Document for the issue, as the case may be. Conditions precedent mean the clearly defined obligations / events that need to be fulfilled before calling upon the investor to make payment for the remaining portion of the subscription. Such obligations/ events, to name a few, could include achievement of certain milestones linked with the object for which the debentures were issued or linked to the enhancement of credit rating of the Issuer or linked to other financial or operating parameters of the Issuer or linked to the happening of an event. The AMC shall not resort to the practice of investing in partly paid debentures without any condition precedent.
- b. There should not be any linkages across schemes while investing in partly paid debentures. For example: if the agreement for partly paid debentures also envisages investment in any other type of instrument such as a commercial paper then the AMC should ensure that subscription to the residual part of the issue/ the investment in the other instrument is made by the scheme which made the original investment in partly paid debentures.
- c. While investing in partly paid debentures, the AMC shall ensure that interest of one set of unitholders/ schemes is not compromised at the cost of another.
- d. All regulatory limits have to be complied with at the time of each such part payment.
- e. In order to avoid a situation where a scheme is unable to honor future part payments, the AMC should avoid excessive concentration in partly paid debentures.
- f. Any investment in partly paid debentures shall be disclosed in the monthly portfolio disclosures of the scheme. This should include, inter-alia, the amount that has been contracted but not yet paid by the scheme, the dates of such future pay-ins, triggers for future pay-ins as well as any other detail that in the AMC view may be of material interest to its investors.

7. Value of Gold

The gold acquired by any scheme is in the form of standard bars and its value as on a particular day is determined as under:

- a. The London Bullion Market Association's (LBMA) AM fixing price in USD per troy ounce would be considered. (The conversion from ounce to kg will be as per National Institute of Standards and Technology i.e. 1 troy ounce = 0.0311034768 kg).
- b. Transportation and other charges that may be normally incurred in bringing such gold from London to the place where it is actually stored on behalf of the mutual fund shall be added to the LBMA price .
- c. Statutory taxes, customs duty and levies, as applicable from time to time, to bring the gold from the London to the place where it is actually stored on behalf of the mutual fund shall be added to arrive at the final landed price of gold after adjusting for eligible input tax credit of GST
- d. The value arrived at based on (a), (b) and (c) above shall then be converted to the equivalent price for 1 kilogram gold of 0.995 / 0.999 fineness by applying standard conversion rates to metric measure.
- e. The RBI reference rate declared by the Foreign Exchange Dealers Association of India (FEDAI) shall be applied to convert the price from US dollars to Indian Rupees.
- f.
 - i. The adjustments as per (a) and (b) above should be made on the basis of a notional premium that is usually charged for delivery of gold to the place where it is stored on behalf of the mutual fund.If on any day the LBMA AM fixing or RBI reference rate is not available due to holiday or any other reason, then the immediately previous day's prices shall be applied for the purpose of calculating the value of gold.
 - ii. If the gold acquired by the gold exchange traded fund scheme is not in the form of standard bars, it shall be assayed and converted into standard bars which comply with the good delivery norms of the LBMA and thereafter valued in terms of above.
- g. A premium or discount shall be applied to the valuation price arrived as per above methodology to ensure it reflects the fair value.
 - i. The premium/discount shall be decided by comparing the domestic price i.e. MCX spot price with the valuation price. Instances where MCX spot price is lower than the price as determined above, a suitable discount would be applied and instances where the MCX spot price is higher than the price as determined above, a suitable premium would be applied.
 - ii. In case MCX spot price is not available, then price published by Indian Bullions and Jewellers Association Ltd. (IBJA) as PM price for that particular day should be used.

<p>iii. In cases where both MCX spot price and IBJA price is not available then any other appropriate source may be used as agreed upon by the valuation committee to determine the domestic price.</p>
<p>8. Value of Silver</p>
<p>The silver acquired by the scheme is in the form of standard bars and its value as on a particular day is determined as under:</p> <ol style="list-style-type: none"> a. The London Bullion Market Association's (LBMA) AM fixing price in USD per troy ounce would be considered. (The conversion from ounce to kg will be as per National Institute of Standards and Technology i.e. 1 troy ounce = 0.0311034768 kg) b. Transportation and other charges that may be normally incurred in bringing such gold from London to the place where it is actually stored on behalf of the mutual fund, shall be added to the LBMA price. c. Statutory taxes, customs duty and levies, as applicable from time to time, to bring the gold from the London to the place where it is actually stored on behalf of the mutual fund shall be added to arrive at the final landed price of gold after adjusting for eligible input tax credit of GST. d. The value arrived at based on (a), (b) and (c) above shall then be converted to the equivalent price for 1 kilogram silver of 0.999 fineness by applying standard conversion rates to metric measure. e. The RBI reference rate declared by the Foreign Exchange Dealers Association of India (FEDAI) shall be applied to convert the price from US dollars to Indian Rupees. f. The adjustments as per (a) and (b) above should be made on the basis of a notional premium that is usually charged for delivery of silver to the place where it is stored on behalf of the mutual fund. <ol style="list-style-type: none"> i. If on any day the LBMA AM fixing or RBI reference rate is not available due to holiday or any other reason, then the immediately previous day's prices shall be applied for the purpose of calculating the value of gold. ii. If the silver acquired by the silver exchange traded fund scheme is not in the form of standard 30kg bars, it shall be assayed and converted into standard bars which comply with the good delivery norms of the LBMA and thereafter valued in terms of above. g. A premium or discount shall be applied to the valuation price arrived as per above methodology to ensure it reflects the fair value. <ol style="list-style-type: none"> i. The premium/discount shall be decided by comparing the domestic price i.e. MCX spot price with the valuation price. Instances where MCX spot price is lower than the price as determined above, a suitable discount would be applied and instances where the MCX spot price is higher than the price as determined above, a suitable premium would be applied. ii. In case MCX spot price is not available, then price published by Indian

Bullions and Jewellers Association Ltd. (IBJA) as PM price for that particular day should be used.

- iii. In cases where both MCX spot price and IBJA price is not available then any other appropriate source may be used as agreed upon by the valuation committee to determine the domestic price.

Annexure B

Valuation Policy – Waterfall Mechanism

Part A -Valuation of Money Market and Debt Securities other than G-Secs

SEBI vide circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019 has laid down broad principles for waterfall approach to be followed for valuation of debt, money market and government securities. The said circular prescribes AMFI shall ensure valuation agencies have a documented waterfall approach for valuation of Debt & money market securities.

The AMFI best practices guidelines circular (135/BP/83/2019-20) dated November 18, 2019 provided guidelines on waterfall approach to be followed for valuation money market and debt securities.

Waterfall Mechanism for valuation of money market and debt securities:

The following shall be the broad sequence of the waterfall for valuation of money market and debt securities:

- i. Volume Weighted Average Yield (VWAY) of primary reissuances of the same ISIN (whether through book building or fixed price) and secondary trades in the same ISIN.
- ii. VWAY of primary issuances through book building of same issuer, similar maturity (Refer Note 1below).
- iii. VWAY of secondary trades of same issuer, similar maturity.
- iv. VWAY of primary issuances through fixed price auction of same issuer, similar maturity.
- v. VWAY of primary issuances through book building of similar issuer, similar maturity (Refer Note 1below).
- vi. VWAY of secondary trades of similar issuer, similar maturity.
- vii. VWAY of primary issuance through fixed price auction of similar issuer, similar maturity.
- viii. Construction of matrix (polling may also be used for matrix construction)
- ix. In case of exceptional circumstances, polling for security level valuation (Refer Note 2 below)

Note 1: Except for primary issuance through book building, polling shall be conducted to identify outlier trades. However, in case of any issuance through book building which is less than INR 100 Cr, polling shall be conducted to identify outlier trades.

Note 2: Some examples of exceptional circumstance would be stale spreads, any event/news in particular sector/issuer, rating changes, high volatility, corporate action or such other event as may be considered by valuation agencies. Here stale spreads are defined as spreads of issuer which were not reviewed/updated through trades/primary/polls in same or similar security/issuers of same/similar maturities in waterfall approach in last 6 months.

Further, the exact details and reasons for the exceptional circumstances which led to polling shall be documented and reported to AMCs. Further, a record of all such instances shall be maintained by AMCs and shall be subject to verification during SEBI inspections.

Note 3: All trades on stock exchanges and trades reported on trade reporting platforms till end of trade reporting time (excluding Inter-scheme transfers) should be considered for valuation on that day.

Note 4: It is understood that there are certain exceptional events, occurrence of which during market hours may lead to significant change in the yield of the debt securities. Hence, such exceptional events need to be factored in while calculating the price of the securities. Thus, for the purpose of calculation of VWAY of trades and identification of outliers, on the day of such exceptional events, rather than considering whole day trades, only those trades shall be considered which have occurred post the event (on the same day).

The following events would be considered exceptional events:

- i. Monetary / Credit Policy
- ii. Union Budget
- iii. Government Borrowing I Auction Days
- iv. Material Statements on Sovereign Rating
- v. Issuer or Sector Specific events which have a material impact on yields
- vi. Central Government Election Days
- vii. Quarter end days

In addition to the above, valuation agencies may determine any other event as an exceptional event. All exceptional events along-with valuation carried out on such dates shall be documented with adequate justification

Definition of tenure buckets for Similar Maturity

When a trade in the same ISIN has not taken place, reference should be taken to trades of either the same issuer or a similar issuer, where the residual tenure matches the tenure of the bond to

be priced. However, as it may not be possible to match the exact tenure, it is proposed that tenure buckets are created and trades falling within such similar maturity be used as per table below.

Residual Tenure of Bond to be priced	Criteria for similar maturity
Upto 1 month	Calendar weekly Bucket
Greater than 1 month to 3 months	Calendar fortnightly bucket
Greater than 3 months to 1 year	Calendar monthly bucket
Greater than 1 year to 3 years	Calendar quarterly bucket
Greater than 3 years	Calendar half-yearly or Greater bucket

In addition to the above:

- In case of market events, or to account for specific market nuances, valuation agencies may be permitted to vary the bucket in which the trade is matched or to split buckets to finer time periods as necessary. Such changes shall be auditable. Some examples of market events I nuances include cases where traded yields for securities with residual tenure of less than 90 days and more than 90 days are markedly different even though both may fall within the same maturity bucket, similarly for less than 30 days and more than 30 days or cases where yields for the last week v/s second last week of certain months such as calendar quarter ends can differ.
- In the case of illiquid/ semi liquid bonds, it is proposed that traded spreads be permitted to be used for longer maturity buckets (1year and above). However, the yield should be adjusted to account for steepness of the yield curve across maturities
- The changes I deviations mentioned in clauses a and b, above, should be documented, along with the detailed rationale for the same. Process for making any such deviations shall also be recorded. Such records shall be preserved for verification.

Process for determination of similar issuer

Valuation agencies shall determine similar issuers using one or a combination of the following criteria. Similar issuer do not always refer to issuers which trade at same yields, but may carry spreads amongst themselves & move in tandem, or they are sensitive to specific market factor/s hence warrant review of spreads when such factors are triggered.

- Issuers within same sector/industry and/or
- Issuers within same rating band and/or
- Issuers with same parent/ within same group and/or
- Issuers with debt securities having same guarantors and/or
- Issuers with securities having similar terms like Loan Against Shares (LAS)/ Loan Against Property (LAP)

The above criteria are stated as principles and the final determination on criteria, and whether in combination or isolation shall be determined by the valuation agencies. The criteria used for such determination should be documented along with the detailed rationale for the same in each instance. Such records shall be preserved for verification.

Similar issuers which trade at same level or replicate each other's movements are used in waterfall approach for valuations. However, similar issuer may also be used just to trigger the review of spreads for other securities in the similar issuer category basis the trade/news/action in any security/ies within the similar issuer group.

Recognition of trades and outlier criteria

I. Volume criteria for recognition of trades (marketable lot)

Paragraph 1.1.1.1(a) of SEBI vide circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019 on Valuation of money market and debt securities, prescribes that the marketable lots shall be defined by AMFI, in consultation with SEBI. In this regard, marketable lot is defined as under. The following volume criteria shall be used for recognition of trades by valuation agencies:

Parameter	Minimum Volume Criteria for marketable lot
Primary	INR 25cr for both Bonds/NCD/CP/ CD and other money market instruments
Secondary	INR 25 cr for CP/ CD, T-Bills and other money market instruments
Secondary	INR 5 Cr for Bonds/NCD/ G-secs

Trades not meeting the minimum volume criteria i.e. the marketable lot criteria as stated above shall be ignored.

II. Outlier criteria

It is critical to identify and disregard trades which are aberrations, do not reflect market levels and may potentially lead to mispricing of a security or group of securities. Hence, the following broad principles would be followed by valuation agencies for determining outlier criteria.

- Outlier trades shall be classified on the basis of liquidity buckets (Liquid, Semi-liquid, Illiquid). Price discovery for liquid issuers is generally easier than that of illiquid issuers and hence a tighter pricing band as compared to illiquid issuers would be appropriate.
- The outlier trades shall be determined basis the yield movement of the trade, over and above the yield movement of the matrix. Relative movement ensures that general market

movements are accounted for in determining trades that are outliers. Hence, relative movement over and above benchmark movement shall be used to identify outlier trades.

- c. Potential outlier trades which are identified through objective criteria defined below will be validated through polling from market participants. Potential outlier trades that are not validated through polling shall be ignored for the purpose of valuation.
- d. The following criteria shall be used by valuation agencies in determining Outlier Trades

Liquidity classification	Bps Criteria (Yield movement over Previous Day yield after accounting for yield movement of matrix)		
	Up to 15 days	15-30 days	Greater than 30 days
Liquid	30 bps	20 bps	10 bps
Semi-Liquid	45 bps	35 bps	20 bps
Illiquid	70 bps	50 bps	35 bps

The above criteria shall be followed consistently and would be subject to review on a periodic basis by valuation agencies and any change would be carried in consultation with AMFI.

- e. In order to ensure uniform process in determination of outlier trades the criteria for liquidity classification shall be as detailed below.

Liquidity classification criteria – Liquid, semi-liquid and Illiquid definition: Valuation agencies shall use standard criteria for classifying trades as Liquid, Semi-Liquid and illiquid basis the following two criteria: -a) trading Volume b) Spread over reference yield

Such criteria shall be reviewed on periodic basis in consultation with AMFI.

Trading Volume (Traded days) based criteria: Number of unique days an issuer trades in the secondary market or issues a new security in the primary market in a calendar quarter

- Liquid = 50% of trade days
- Semi liquid = 10% to 50% trade days
- Illiquid = <10 % of trade days

Spread based criteria: Spread over the matrix shall be computed and based on thresholds defined, issuers shall be classified as liquid, semi liquid and illiquid.

Type of security	Spread for Liquid	Spread for Semi Liquid	Spread for Illiquid	Spread for computation
Bonds	Upto 15 Bps	>15 - 75 Bps	> 75 Bps	Note 1
CP / CD	Upto 25 Bps	>25 - 50 Bps	> 50 Bps	Note 2

Note 1: spread is computed as average spread of issuer over AAA Public Sector Undertakings/Financial Institutions/Banks matrix

Note 2: spread is computed as average spread of issuer over A1+/AAA CD Bank matrix

The thresholds shall be periodically reviewed and updated having regard to the market.

The best classification (liquid being the best) from the above two criteria (trading volume and spread based) shall be considered as the final liquidity classification of the issuer. The above classification shall be carried out separately for money market instruments (CP/ CDs) and bonds.

Process for construction of spread matrix

Valuation agencies shall follow the below process in terms of calculating spreads and constructing the matrix.

Step 1	<p>Segmentation of Corporates:</p> <p>The entire corporate sector is first categorized across following four sectors, i.e. all the corporates will be catalogued under one of the below mentioned buckets:</p> <ol style="list-style-type: none"> 1. Public Sector Undertakings/Financial Institutions/Banks 2. Non-Banking Finance Companies – except Housing Finance Companies 3. Housing Finance Companies 4. Other Corporates
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Step 2	<p>Representative issuers – For the aforesaid 4 sectors, representative issuers (Benchmark Issuers) shall be chosen by the valuation agencies for only higher rating (I.e. "AAA" or AA+). Benchmark/Representative Issuers will be identified basis high liquidity, availability across tenure in AAA/AA+ category and having lower credit/liquidity premium. Benchmark Issuers can be single or multiple for each sector.</p> <p>It may not be possible to find representative issuers in the lower rated segments, however in case of any change in spread in a particular rating segment, the spreads in lower rated segments should be suitably adjusted to reflect the market conditions. In this respect, in case spreads over benchmark are widening at a better rated segment, then adjustments should be made across lower rated segments, such that compression of spreads is not seen at any step. For instance, if there is widening of spread of AA segment over the AAA benchmark, then there should not be any compression in spreads between AA and A rated segment and so on</p>
Step 3	<p>Calculation of benchmark curve and calculation of spread –</p> <ol style="list-style-type: none"> 1. Yield curve to be calculated for representative issuers for each sector for maturities ranging from 1 month till 20 years and above. 2. Waterfall approach as defined in Part A (1) above will be used for construction of yield curve of each sector. 3. In the event of no data related to trades/primary issuances in the securities of the representative issuer is available, polling shall be conducted from market participants 4. Yield curve for Representative Issuers will be created on daily basis for all 4 sectors. All other issuers will be pegged to the respective benchmark issuers depending on the sector, parentage and characteristics. Spread over the benchmark curve for each security is computed using latest available trades/primaries/polls for respective maturity bucket over the Benchmark Issuer. 5. Spreads will be carried forward in case no data points in terms of trades/primaries/polls are available for any issuer and respective benchmark movement will be given
Step 4	<ol style="list-style-type: none"> 1. The principles of VWAY, outlier trades and exceptional events shall be applicable while constructing the benchmark curve on the basis of trades/primary issuances. 2. In case of rating downgrade/credit event/change in liquidity or any other material event in Representative Issuers, new Representative Issuers

	<p>will be identified. Also, in case there are two credit ratings, the lower rating to be considered.</p> <p>3. Residual tenure of the securities of representative issuers shall be used for construction of yield curve.</p>
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Part B: Valuation of G-Secs (T-Bill, Cash management bills, G-Sec and SDL)

The following is the waterfall mechanism for valuation of Government securities:

- VWAY of last one hour, subject to outlier validation
- For securities not traded in the last hour, VWAY for the day (including a two quote, not wider than 5 bps on NDSOM), subject to outlier validation
- Two quote, not wider than 5 bps on NDSOM, subject to outlier validation
- Carry forward of spreads over the benchmark
- Polling etc.

Notes:

1. VWAY shall be computed from trades which meet the marketable lot criteria stated in Part A of these Guidelines (i.e. Valuation of Money Market and Debt Securities other than G-Secs)
2. In case of any exceptional events on a day, only VWAY of trades post such event may be considered for valuation. All exceptional events along-with valuation carried out on such dates shall be documented with adequate justification.
3. Outlier criteria: Any trade deviating by more than +/- 5 bps post factoring the movement of benchmark security shall be identified as outlier. Such outlier shall be validated through polling for inclusion in valuations. If the trades are not validated, such trades shall be ignored.

Upfront Fee on Trades

The following guidelines have been issued by AMFI to be uniformly implemented and complied by all AMCs:

1. Upfront fees on all trades (incl. primary market trades), by whatever name and manner called, would be considered by the valuation agencies for the purpose of valuation of the security
2. Details on such upfront fees should be shared by the AMC on the trade date to the valuation agencies as part of the trade reporting to enable them to arrive at the fair valuation for that date

3. For the purpose of accounting, such upfront fees should be reduced from the cost of the investment in the scheme that made the investment
4. In case upfront fees are received across multiple schemes, then such upfront fees should be shared on a pro-rata basis across such schemes

Guidelines for Valuation of Bonds (AT 1 Bonds and Tier 2 Bonds)

1. Currently, a bond is considered traded, if there is at least one trade in market lot in that particular ISIN. If the bond does not get traded there is a defined waterfall mechanism for valuation of that bond as per AMFI Best Practice Guideline circular no. NO.83 / 2019-20 dated November 18, 2019. This waterfall mechanism has been described in Annexure IV of this policy document.
2. The said waterfall requires grouping of same issuer with similar maturity and similar issuers with similar maturity. However, in case any ISIN of issuer has not traded, the valuation of AT-1 Bonds is currently done based on adjusting spread directly to the benchmark security.
3. In order to improve existing valuation of these bonds and implement the defined waterfall, following is being done:
 - i. Form two types of ISINs:
 - a. Benchmark ISINs - A non-benchmark ISIN can be linked to only one benchmark ISIN (Currently, SBI ISINs happens to be the benchmark ISINs across all maturities for AT-1 Bonds.)
 - b. Non-benchmark ISINs - Will be divided into multiple groups based on similar issuer and similar maturity.
 - c. The groups will be decided in consultation with valuation agencies. The two main criteria envisaged to be used here would be Tier 1 / Tier 2 ratings of the ISINs / Issuers, and the spread range in which the group of ISINs / Issuer's trade over the benchmark.
 - ii. Take a look back period for trade recognition as under:
 - a. 7 working days for benchmark ISIN and
 - b. 15 working days for non- benchmark ISINs
4. If the ISIN gets traded, the traded YTM will be taken for the purpose of valuation. Further, if 1 ISIN of the issuer trades all other ISINs of issuers will be considered as traded but

with necessary adjustment of spread to YTM. If none of the ISIN of the issuer gets traded, the trade of similar issuer in the group will be taken to valuation however with necessary adjustment of spread to YTM of similar issuer similar maturity. If none of the ISIN in a group gets traded on any particular day, an actual trade in a look back period will be seen. If there is an actual trade in look back period the security will be considered as traded and valued with necessary adjustment of spread to YTM.

According to this, valuation will be done based on the trade of issuer, trade of similar issuer and as an additional layer a look back period . It is confirmed that spread over YTM will be taken without any adjustment of modified duration to call.

5. Further, as the valuation is based on trade during the look back period, it is confirmed that a spread is adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
6. However, if there is no actual trade of any ISIN of the issuer as well as similar issuer during look back period, the valuation will be done by taking spread over matrix and/or polling in line with the waterfall mechanism.
7. Maturity of 100 years will be adopted for perpetual bond issued by banks from the date of issuance of the bonds. There will be a glide path for these bonds as indicated below. The Deemed Residual Maturity for the Purpose of Calculation of valuation as well as Macaulay Duration for existing as well as new perpetual bonds issued under the Basel III framework shall be as below:

Time Period	Deemed Residual Maturity of Basel III AT-1 bonds (Years)	Deemed Residual Maturity of Basel III Tier 2 bonds (Years)
Till March 31, 2022	10	10 years or contractual maturity whichever is earlier
April 01, 2022 - September 31, 2022	20	Contractual Maturity
October 01, 2022 - March 31, 2023	30	Contractual Maturity
March 31, 2023 onwards	100	Contractual Maturity

the residual maturity will always remain above the deemed residual maturity proposed above.

8. Besides, AT-1 bonds and Tier 2 bonds being different categories of bonds, the valuation of these bonds will be done separately (i.e.) ISIN of AT-1 bond traded will not mean that ISIN of Tier-2 bonds of the same issuer have also traded. However, if any issuer does not exercise call option for any ISIN, then the valuation and calculation of Macaulay Duration should be done considering maturity of 100 years from the date of issuance for AT-1 Bonds and Contractual Maturity for Tier 2 bonds, for all ISINs of the issuer. In addition, if the non-exercise of call option is due to the financial stress of the issuer or if there is any adverse news, the same shall be reflected in the valuation
9. It is confirmed that the Macaulay Duration of ISINs will be calculated based on the deemed residual maturity proposed in para 7 and 8 above to reflect the duration risk.
10. Notwithstanding any of the above, SEBI has clarified via Circular SEBI/HO/IMD/IMD-1 POD1/P/CIR/2024/106, that the valuation of AT-1 Bonds by Mutual Funds shall be based on Yield to Call. However, deemed maturity of all perpetual bonds shall continue as per #7 above.

Illustration for points 4 to 6 under Guidelines for Valuation of Bonds (AT 1 Bonds and Tier 2 Bonds)

ABC and XYZ are similar issuer and similar maturity:

Maturity of ISIN 1 of ABC is near to maturity of ISIN 1 of XYZ & Maturity of ISIN 2 of ABC is near to maturity to ISIN 2 of XYZ

Issuers	ABC		XYZ		Valuation of ABC ISIN 1
Trade	ISIN 1	ISIN 2	ISIN 1	ISIN 2	
Traded Today	Y	-	-	-	Take price and arrive at YTM
Traded Today	N	Y	-	-	Take price of ISIN 2 of ABC and compute YTM of ISIN 2. Then adjust the YTM spread of ISIN 1 and ISIN 2 and compute value of ISIN 1 of ABC.

Traded Today	N	N	Y	N	From the price of ISIN 1 of XYZ compute YTM. The spread between YTM of ABC ISIN 1 and XYZ ISIN 1 is to be adjusted to derive YTM of ABC ISIN 1. The spread should further be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued and final YTM and price of the security should be computed
Traded Today	N	N	N	Y	From the price of ISIN 2 of XYZ compute YTM of ISIN 2 of XYZ. Then derive YTM of ISIN 1 of XYZ by adjusting spread of YTM. Then by adjusting difference in spread between ISIN 1 of XYZ and ISIN 1 of ABC trade (which happens to be nearest maturity) arrive at YTM of ISIN 1 of ABC. The spread should be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued
No trade today. Check for actual trade during look back	Y	-	-	-	Take YTM of traded day and adjust spread to the movement of benchmark ISIN over the period. Also adjust to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued

No trade today. Check for actual trade during look back	N	Y	-	-	Arrive at YTM of ISIN 2 by adjusting spread to the movement of benchmark ISIN over the period. Derive YTM of ISIN 1 of ABC from ISIN 2 of ABC by adjusting spread over YTM. Also adjustment should be done to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
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Issuers	ABC		XYZ		Valuation of ABC ISIN 1
No trade today. Check for Actual trade during look back	N	N	Y	N	Arrive at YTM of ISIN 1 of XYZ by adjusting spread to the movement of benchmark ISIN over the period. Then the spread of YTM of XYZ ISIN 1 and ABC ISIN 1 is to be adjusted to arrive at YTM of ISIN 1 of ABC. Also, adjustment will be done to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
Trade	ISIN 1	ISIN 2	ISIN 1	ISIN 2	

No trade today. Check for actual trade during look back	N	N	N	Y	arrive at YTM of ISIN 1 of XYZ. YTM of ISIN I of ABC will be derived by adjusting spread of YTM of ISIN 1 of XYZ to ISIN 1 of ABC (which appears to be a nearest maturity to ABC ISIN 1). Further, YTM will be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
Not Traded During look back	N	N	N	N	Valuation will be done considering spread over matrix and/or polling in line with the waterfall mechanism prescribed by AMFI.

Note: The duration to call shall not be considered/adjusted to spread over YTM. Yield to Call and Yield to Maturity shall be disclosed to investors.

A. Computation of NAV

The NAV of the Scheme is computed by dividing the net assets of the Scheme by the number of Units outstanding under the Scheme on the valuation date.

- The AMC will value its investments according to the valuation norms, as specified in Schedule VIII of the SEBI (MF) Regulations, or such norms as may be specified by SEBI from time to time. In case of any conflict between the Principles of Fair Valuation and valuation guidelines specified by SEBI, the Principles of Fair Valuation shall prevail.

The NAV's are declared after reducing the expense ratio as there are various expenses involved with respect to mutual fund scheme.

- The expense ratio includes management fees charges, operating costs, transfer agent costs, custodian and audit charges, and distribution and marketing expenses amongst others.

NAV of Units of under the Scheme shall be calculated as shown below:

NAV (Rs.) per unit = (Market or Fair Value of the Scheme's Investments + Current Assets including accrued income - Current Liabilities and Provisions including accrued expenses) / No. of Units outstanding under each Scheme.

The AMC will calculate and disclose the first NAV of the newly launched scheme not later than 5 (five) Business Days from the allotment of Units. NAV for the Scheme and the repurchase prices of the Units will be calculated and announced at the close of each Business Day. The NAV shall be computed upto four decimals. The NAV of Direct Plan will be different than the NAV of Regular Plan. The income earned and the profits realized in respect of the Units issued under the Growth Option remain invested and are reflected in the NAV of the Units

Timelines for disclosure of NAV, as per para 8.1 and 8.2 of SEBI Master Circular is tabulated below:

Scheme Type	Timelines
All schemes except for Fund of Fund Schemes	11p.m on T Day
Fund of Fund Schemes	10 a.m. of T+1
For schemes having exposure to ETCDs	9 AM of T+1
Schemes unable to disclose NAV as per the timeline mentioned in para 8.1 and 8.2 of Master Circular due to inability to in capturing same day valuation of underlying investment (11 p.m. of T Day or 10 a.m. on T+1 day)	Such as per the disclosure made in the SID along with reasons for such delayed disclosure

For Specified Debt Oriented Schemes:

In case NAV of Corporate Debt Market Development Fund ('CDMDF') units is not available by 9:30 p.m. of same Business Day for specified open ended debt schemes, NAV declaration timing for Mutual Fund Schemes holding units of CDMDF shall be 10 a.m. on next business day instead of 11 p.m. on same Business Day.

As per para 8.2 of SEBI Master Circular the timelines for declaration of NAV is prescribed depending on investment objective and asset allocation of schemes, which is tabulated below:

Scheme Type	Timelines
Fund of Funds (FoFs) schemes	on T+1 Day
Schemes investing atleast 80% of total assets in permissible overseas investments	on T+1 Day
Index funds and ETFs investing atleast 80% of total assets in permissible overseas investments	on T+1 Day

The first NAV of a new scheme shall be declared within 05 (five) working days form the allotment.

The NAVs of the Schemes will be calculated and disclosed basis the timelines mentioned above on the website of Capitalmind Mutual Fund viz. <https://capitalmindmf.com> and AMFI's website <https://www.amfiindia.com>

Unitholders may avail the facility to receive the latest available NAVs through SMS by submitting a specific request in this regard to the AMC/Mutual Fund. Also, information regarding NAVs can be obtained by the Unit holders / Investors by calling or visiting the nearest ISC.

B. Computation of NAV in Foreign Securities

Traded Foreign / Overseas security, including ADR/GDR and units of overseas mutual funds, would be valued at the latest available closing price of the stock exchange on which the security is traded. If the security is listed on more than one stock exchange, the AMC shall select the appropriate stock exchange and the reasons for selection of the stock exchange shall be recorded in writing and approved by the Valuation Committee.

When on a particular valuation day, a security has not been traded on the selected stock exchange, the value at which it is traded on another stock exchange or last available price on the selected stock exchange shall be used provided such date is not more than thirty days prior to the valuation date.

On the valuation day, all the assets and liabilities in foreign currency will be valued in Indian Rupees based on applicable Foreign Exchange rate as defined in the valuation policy. The

Trustees/AMC reserves the right to change the source for determining the exchange rate. The reasons for the change in the source for determining the exchange rate will be recorded in writing.

Valuation of the scheme's assets, calculation of the scheme's NAV and the accounting policies & standards will be subject to such norms and guidelines that SEBI may prescribe from time to time and shall be subject to audit on an annual basis.

The NAVs of the Scheme/plans will be calculated by the Mutual Fund on each Business Day and will be made available as per the timelines mentioned in SID.

C. Procedure in case of Delay in Disclosure of NAV

The AMC shall update the NAVs on its website <https://capitalmindmf.com> and of the Association of Mutual Funds in India – AMFI (<https://www.amfiindia.com>) before 10AM of the following business day in case of Fund of Fund Schemes and 11.00 p.m. on every Business Day for all other schemes. Further, AMC shall extend the facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.

In case of any delay, the reasons for such delay would be explained to AMFI in writing.

If the NAVs are not available before the commencement of Business Hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.

The Mutual Fund shall report in the quarterly Compliance Test Reports (CTRs) the number of days when mutual funds were not able to adhere to the above-mentioned time limit for uploading their NAVs on the AMFI website with reasons thereof and the corrective action taken by the AMC to reduce the number of such occurrences.

IX. TAX & LEGAL & GENERAL INFORMATION

A. Taxation on investing in mutual funds

The information furnished below outlines briefly the key income-tax implications and benefits applicable to the unit holders of the Scheme and to the Mutual Fund based on relevant provisions of the Income-tax Act, 1961 [as amended by the Finance Act, 2025 (called as ‘the relevant provisions’)].

The information given is included only for general purpose and is based on understanding of the AMC (AMC) regarding the law and practice currently in force in India and the Investors / Unit holders should be aware that the relevant fiscal rules or their explanation may change. As is the case with any investment, there can be no assurance that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely.

In view of the individual nature of tax consequences, each Investor / Unit holder is advised to consult his / her own professional tax advisor.

On Units of equity oriented funds:

- Under section 2(29AA) read with section 2(42A) of the Income-tax Act, 1961 (Act), units of an equity oriented mutual fund held as capital assets are treated as long-term capital assets if they are held for a period of more than 12 months preceding the date of transfer. The additional (bonus) units issued under any option under the Scheme and held as capital assets would be treated as a long-term capital assets if held for a period of more than 12 months from the date when such additional units were allotted.
- Under section 2(42A) of the Income-tax Act, units of an equity-oriented mutual fund held as capital assets for a period of 12 months or less preceding the date of their transfer are regarded as short-term capital assets.

On units of funds other than Equity Oriented Funds:

- As per section 2(29AA) read with section 2(42A) of the Income-tax Act, units of a Mutual Fund (other than an equity-oriented fund) shall be considered as a long-term capital asset where the same are held for a period of more than 24 months immediately preceding their date of transfer
- Under section 2(42A) of the Income-tax Act, units of mutual fund (other than an equity-oriented fund) held as capital assets for a period of 24 months or less preceding the date of their transfer are regarded as short-term capital assets.

1. Tax implications for the fund

Capitalmind Mutual Fund is a Mutual Fund registered with SEBI and hence the entire income of the Fund will be exempt from income-tax in accordance with the provisions of Section 10(23D) of the Income Tax Act, 1961. The Fund is entitled to receive all income without any deduction of tax at source under the provisions of Section 196(iv), of the Income Tax Act, 1961

2. Tax Implications to Unit Holders

For this purpose, an equity oriented mutual fund is defined in Section 10(38) of the Income-tax Act, 1961 (the Act) to mean the SEBI (SEBI) registered fund where more than 65% of the investible funds are invested in equity shares of domestic companies. The percentage of equity shareholding of the Fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures

Equity Oriented Schemes (minimum 65 percent is invested in listed equity shares of domestic companies)		
<ul style="list-style-type: none"> • Long Term Capital Gains (> 12 months) • Short Term Capital Gains (< or equal to 12 months) (Subject to STT) ⁸		
Tax Status of Investor	Capital Gains Tax	
	Short Term	Long Term
Resident Individual / HUF ³	20%	12.5% ¹
Domestic Company ⁴	20%	12.5% ¹
NRI ³⁵	20%	12.5% ¹

Other Than Equity Oriented Schemes (other than specified mutual fund schemes)	
<ul style="list-style-type: none"> • Long Term Capital Gains (> 24 months**) • Short Term Capital Gains (< or equal to 24 months**) (Subject to STT) ⁸	
Tax Status of Investor	Capital Gains Tax

	Short Term (Including specified mutual fund schemes)	Long Term (Not applicable for specified mutual fund schemes)
Resident Individual / Non-Resident Individual / HUF ³	Applicable Slab Rates ⁷	12.5%
Firms	30%	12.5%
Resident (Domestic Companies)	30% /25%/22%/15%	12.5%
Overseas financial organizations specified in section 115AB	35% (corporate) 30% (non-corporate)	12.5%
FPIs (other than gains under section 111A and section 112A)	30%	12.5%
Foreign companies other than ones mentioned above	35%	12.5%
Local authority	30%	12.5%
Co-operative society rates	Progressive slab or 22% / 15%	12.5%

Specified Mutual Fund² (Other than equity-oriented schemes)		
	Short Term Capital Gains	Long Term Capital Gains
Resident Individual / HUF	Applicable Slab Rates ³	NA
Domestic Company	Applicable Rates ⁷	
NRI	Applicable Slab Rates ³	

Tax Deducted at Source (Applicable only to NRI Investors)⁶		
	Short Term Capital Gains	Long Term Capital Gains
Equity Oriented Scheme ⁸	20%	12.5%

Other than Specified Mutual Funds & Other than Equity Oriented Schemes	Applicable Rates	Slab	12.5%
Specified Mutual Fund other than Equity Oriented Schemes	Applicable Rates	Slab	Applicable Rates

¹ Income-tax at the rate of 12.5% (without indexation benefit and foreign exchange fluctuation) to be levied on long-term capital gains exceeding INR. 1,25,000/- provided transfer of such units is subject to Securities Transaction Tax ('STT')

² As per amendment to Finance Bill, 2023 gains arising on transfer, redemption or maturity of specified mutual funds acquired on or after 1 April 2023 will be deemed to be 'short- term capital gains' (regardless of the period of holding). Under section 50AA, Specified mutual fund means (a) Mutual fund which invests more than 65 per cent of its total proceeds in debt and money market instruments; or (b) a fund which invests 65 per cent or more of its total proceeds in units of a fund referred to in above sub-clause (a).

³ Refer to Income Tax Regimes and surcharge rates below

⁴ Surcharge at 7% on base tax is applicable where total income of domestic corporate unit holders exceeds Rs 1 crore but does not exceed 10 crores and at 12% where total income exceeds 10 crores. However, surcharge at flat rate of 10 percent to be levied on base tax for the companies opting for lower rate of tax of 22%/15%. Further, "Health and Education Cess" to be levied at the rate of 4% on aggregate of base tax and surcharge

⁵ Short term/ long term capital gain tax (along with applicable Surcharge and Health and Education Cess) will be deducted at applicable rate at the time of redemption of units in case of NRI investors. Tax treaty benefit can be claimed for withholding tax on capital gains subject to fulfilment of stipulated conditions. Transfer of units upon consolidation of mutual fund schemes or consolidation of plans within mutual fund schemes in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains. Relaxation to non-residents from deduction of tax at higher rate (except income distributed by mutual fund) in absence of PAN subject to providing specified information and documents

⁶ Short term/ long term capital gain tax (along with applicable Surcharge and "Health and Education Cess") will be deducted at the time of redemption/switches of units in case of NRI investors only. Tax treaty benefit can be claimed for withholding tax on capital gains subject to fulfilment of stipulated conditions

⁷ Tax Rates for Domestic Companies:

- A. Rate of 30% applies to companies other than companies engaged in manufacturing business who are taxed at lower rate subject to fulfilment of certain conditions.

- B. Rate of 25% applies If total turnover or gross receipts during the financial year 2023-24 does not exceed Rs. 400 crores.
- C. Rate of 22% is optional and subject to fulfilment of certain conditions as provided in section 115BAA
- D. Rate of 15% is optional for companies engaged in manufacturing business (set-up & registered on or after 1 October 2019) subject to fulfilment of certain conditions as provided in section 115BAB.
- E. Co-operative societies have the option to be taxed at progressive slab rates or 22% subject to fulfilment of certain conditions as provided in section 115BAD
- F. Lower rate of 15% is optional for co-operative societies engaged in manufacturing or production business (set-up & registered on or after 1 April 2023) subject to fulfilment of certain conditions as provided in section 115BAE

⁸ Securities Transaction Tax (STT) will be deducted on equity-oriented funds at the time of redemption / switch to other schemes / sale of units. Further, Minimum Alternate Tax (MAT) applicable to domestic companies (except for those who opt for lower rate of tax of 22%/15%) are not considered in the above tax rates

Merger: Transfer of units upon consolidation of mutual fund schemes of two or more schemes of equity-oriented fund or two or more schemes of a fund other than equity oriented fund in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains. The Finance Act, 2016 provides tax exemption to unit holders vis-à-vis transfer of units upon consolidation of the plans within a scheme of mutual fund in accordance with SEBI (Mutual Funds) Regulations, 1996

General Anti Avoidance Rule ('GAAR'): GAAR provisions are applicable w.e.f. 1 April 2017. The objective is to deny tax benefits to an arrangement which has been entered into with the main purpose of obtaining tax benefits and which lacks commercial substance or creates rights and obligations which are not at arm's length principle or results in misuse of tax law provisions or is carried out by means or in a manner which are not ordinarily employed for bona fide purposes. The over-arching principal of GAAR provisions is "substance over form". The tax rates provided above are for general information only. Investors are advised to seek the opinion of their tax consultant

Tax Implications on Income distribution under Income Distribution cum Capital Withdrawal (IDCW) Option received by Unit holders.

Pursuant to SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, there was a change in nomenclature of Dividend to Income Distribution cum Capital Withdrawal (IDCW) available across all the plans offered by the schemes of the Fund with effect from April 01, 2021. The Finance Act, 2020 abolished income distribution tax and instead introduced taxing of income from mutual fund units in the hands of the unit holders

Income Distributed by a Mutual Fund			
ICDW	Individual / HUF	Domestic Companies	NRI
Equity Oriented Schemes	Applicable Tax Rates	Applicable Rates	20%
Other than Equity Oriented Schemes	Applicable Tax Rates	Applicable Rates	20%
Kindly refer to Income Tax rates for the applicable rates in case of individuals			

Income-tax implications on income in respect of units of a mutual fund

Type of Investor	Withholding tax rate	Section
Resident ^d	10% ^a	194K
NRI	20% ^b or rate as per applicable tax treaty ^c (whichever is lower)	196A / 196D

^a Tax is not deductible if income in respect of units of a mutual fund is below Rs. 10,000 in a financial year.

^b Plus applicable Surcharge and “Health and Education Cess” (as mentioned under Old and New Regime).

^c The income distributed by mutual fund to unitholders is unlikely to fall within definition of dividend under tax treaty. Given this and language of proviso to section 196A, claiming tax treaty benefit in respect of income distributed by mutual fund to unitholders for withholding tax purpose may not be possible.

^d As per section 139AA of the Income tax Act, 1961 (‘the Act’) read with rule 114AAA of the Income-tax Rules, 1962, in the case of a resident person, whose PAN has become inoperative due to PAN – Aadhaar not being linked on or before 30 June 2023 or as extended by Govt., it shall be deemed that he has not furnished the PAN and tax could be withheld at a higher rate of 20% as per section 206AA of the Income-tax Act.

3. Income Tax Rates:

For Individuals, Hindu Undivided Family, Association of Persons, Body of Individuals and Artificial juridical persons

Old Regime	
Total Income	Tax Rates
Up to Rs. 2,50,000	NIL

Rs. 2,50,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Rs. 10,00,001 and above	30%

Notes: Income Tax – Old Regime

- In case of a resident individual of the age of 60 years or above but below 80 years, the basic exemption limit is Rs. 3,00,000.
- In case of a resident individual of age of 80 years or above, the basic exemption limit is Rs 5,00,000.
- Rate of surcharge:
 - 37% - specified income* exceeds Rs. 5 crore;
 - 25% - specified income* exceeds Rs. 2 crore upto Rs. 5 crore
 - 15% - total income exceeds Rs. 1 crore upto Rs. 2 crore; and
 - 10% - total income exceeds Rs 50 lakhs upto Rs. 1 crore.
- Health and Education cess @ 4% on aggregate of base tax and surcharge.
- Resident individuals having total income upto Rs. 5,00,000 can avail rebate of 12,500 or actual tax liability whichever is lower

New Regime	
Total Income	Tax Rates
Up to Rs. 4,00,000	NIL
From 4,00,001 to 8,00,000	5%
From 8,00,001 to 12,00,000	10%
From 12,00,001 to 16,00,000	15%
From 16,00,001 to 20,00,000	20%
From 20,00,001 to 24,00,000	25%
Above 24,00,000	30%

Notes: Income Tax Rates - New Regime

- For adopting New Regime, most of the deductions/exemptions such as section 80C, 80D, etc. are to be foregone. However, standard deduction of Rs. 75,000 against salary income is allowed. The aforesaid regime is default unless opted out.
- Resident individuals having total income not exceeding Rs. 12,00,000 can avail rebate of 60,000 or actual tax liability whichever is lower. As per memorandum to Finance Bill, 2025, rebate should not be available on tax on income chargeable at special rates such as capital gains
- Rate of surcharge:
 - 25% - specified income* exceeds Rs. 2 crore

- 15% - total income exceeds Rs. 1 crore upto Rs. 2 crore; and
- 10% where total income exceeds Rs 50 lakhs upto Rs. 1 crore.

In case of AOP, consisting of only companies as its members, the rate of surcharge not to exceed 15%.

(d) Health and Education cess @ 4% on aggregate of base tax and surcharge.

*Specified income – Total income excluding income by way of dividend on shares and short term capital gains in case of listed equity shares, equity oriented mutual fund units, units of business trust and long-term capital gains

4. Securities Transaction Tax

STT is levied on the value of taxable securities transactions as under:

Transaction	Rates	Payable by
Purchase/ Sale of equity shares (delivery based)	0.1%	Purchaser / Seller
Purchase of units of equity-oriented mutual fund	Nil	Not Applicable
Sale of units of equity-oriented mutual fund (delivery based)	0.001%	Seller
Sale of equity shares, units of business trust, units of equity oriented mutual fund (non-delivery based)	0.025%	Seller
Sale of an option in securities	0.1%	Seller
Sale of an option in securities, where option is exercised	0.125%	Purchaser
Sale of a futures in securities	0.02%	Seller
Sale or surrender or redemption of a unit of an equity oriented fund to an insurance company, on maturity or partial withdrawal, with respect to unit linked insurance policy issued by such insurance company on or after the first day of February, 2021	0.001%	Seller

Sale of units of an equity oriented fund to the Mutual Fund	0.001%	Seller
Sale of unlisted equity shares and units of business trust under an initial offer	0.2%	Seller

5. Taxability of segregated portfolios of a mutual fund scheme

The Finance Act, 2020 has rationalized capital gains taxability in relation to mutual fund portfolio segregation as per SEBI regulations as follows:

- A. The period of holding for units in the segregated portfolio to be reckoned from the period for which the original units in the main portfolio were held by the taxpayer.
- B. Acquisition cost of units in segregated portfolio to be proportionate to the NAV of assets transferred to the segregated portfolio to the NAV of the total portfolio immediately before the segregation. The cost of acquisition of the original units in the main portfolio to be reduced by the acquisition cost of units in the segregated portfolio

6. Stamp Duty

Pursuant to Notification No. S.O. 1226(E) and G.S.R. 226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of The Finance Act, 2019, notified on February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India, with effect from July 1, 2020, mutual fund units issued against Purchase transactions (whether through lump-sum investments or SIP or STP or switch-ins or dividend reinvestment) would be subject to levy of stamp duty @ 0.005% of the amount invested. Transfer of mutual fund units (such as transfers between demat accounts) are subject to payment of stamp duty @ 0.015%. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including dividend reinvestment and switch-in) to the Unit holders would be reduced to that extent. The Stamp duty should be considered for the purpose of cost of the investments while calculating capital gains.

Disclaimer: The information set out above is included for general information purposes only and does not constitute legal or tax advice. In view of the individual nature of the tax consequences, each investor is advised to consult his or her own tax consultant with respect to specific tax implications arising out of their participation in the Scheme. Income Tax benefits to the mutual fund & to the unit holder is in accordance with the prevailing tax laws as certified by the mutual

funds tax consultant. Any action taken by you on the basis of the information contained herein is your responsibility alone. Capitalmind Mutual Fund will not be liable in any manner for the consequences of such action taken by you. There are no guaranteed or assured returns under any of the scheme of Capitalmind Mutual Fund

B. Legal Information

1) Nomination Facility

- A. In accordance with Reg.29A of the Regulations, the AMC provides for a nomination facility to the unit holders to nominate a person in whose favour the units shall be transmitted in the event of death of the unit holder.
- B. Nomination Forms are available along with the application forms at any of the Investor Service Centres and on the website of the AMC. Forms are available in physical and electronic formats, consistent with SEBI-prescribed templates, and can be executed via signature or thumb impression (with two witnesses if thumb impression).
 - a) Rule of survivorship
 - i. In case of joint accounts / holdings, upon demise of one or more joint holder(s), the AMC shall transmit the assets held to the surviving holder(s) vide name deletion of deceased holder(s). An Option to the surviving joint holder(s) to transmit the assets held, into another existing or new account / folio will be provided.
 - ii. The surviving member(s) shall receive the assets as owner(s) and not as a trustee.
 - iii. Surviving joint holders shall be entitled to continue with or change or cancel the nominations made previously.
 - iv. The mode of operation (of the joint account), namely that of the first named holder OR anyone or survivor OR either-or survivor basis OR joint, etc. shall be unaffected by the rule of survivorship.
 - v. The norms applicable for operation of the account / folio shall be mutatis mutandis applicable for nomination.
 - b) In case of joint accounts when all joint holders simultaneously pass away, the AMC / RTA / DP shall transmit the assets in the account / folio to the registered nominee(s) for effecting its due discharge. In absence of nomination, the AMC / RTA / DP shall transmit the assets in the account / folio to either;
 - i. the legal heir(s) or legal representative(s) of the youngest of the joint holders² as per the rules of intestate succession or

- ii. as per the Will of the latter, as the case may be, after following the procedure prescribed by SEBI and AMFI, as amended from time to time.
- c) In case of accounts / folio held by Hindu Undivided Family (**HUF**), upon the death of the Karta as recorded, the new Karta as constituted under applicable law, would be entitled to operate such an account/folio. In the absence of new Karta, the AMC / RTA / DP shall effect transmission of account / folio as per dissolution deed and other criteria defined by the respective SRO / industry body in consultation with the SEBI.
- d) The nominees(s) shall receive the assets of deceased sole account / sole holder(s) as trustee on behalf of legal heir(s) of deceased holder(s). Legal heir(s) of nominee shall not be eligible to inherit the assets of the investor, if the nominee predeceases the investor. Nominee details must include PAN or Driving Licence or last 4 digits of Aadhaar, or Passport number (for NRIs/OCIs/PIOs) as identifier. Up to 10 nominees may be registered, effective September 1, 2025.
- e) Upon demise of one of the nominees prior to the demise of the investor and if no change is made in the nomination, then the assets shall be distributed to the surviving nominees on pro rata basis upon demise of the investor. Any odd lot after division / fraction of %, shall be transferred to the first nominee mentioned in the nomination form.
- f) In case of any subsisting credit facilities secured by a duly created pledge, the AMC / RTA / DP shall obtain due discharge from the creditors prior to transmission of assets to the nominee(s) or legal heir/s / legal representative/s, as the case may be.
- g) Nomination shall be mandatory for single holding only. The requirement of nomination shall be optional for jointly held accounts / folios.
- h) The AMC / RTA shall provide option to the investor to submit nomination form either online or through physical / offline mode with the following guardrails.
 - i. Online nomination: the regulated entities shall validate the nomination through:
 - (i) digital signature certificate or
 - (ii) aadhaar based e-sign or by using any other e-sign facility recognized under Information Technology Act, 2000; or
 - (iii) two factor authentication (2FA) in which one of the factors shall be a One-Time Password sent to the registered mobile number and email address of the investor.
 - ii. Physical / offline nomination: The AMC / RTA / DP shall verify the signature(s) as per the mode of holding, while registering or changing nomination. Where an investor affixes his/her thumb impression on the nomination form, then the same shall be witnessed by two persons and details of such witnesses shall be duly captured in the nomination form.

However, there shall be no such requirement of witnesses in case of nomination forms carrying wet / digital / e-sign signature of the investor.

- i) AMC shall provide acknowledgement to the investor for each and every instance, irrespective of the mode of nomination. They shall maintain physical or electronic records, as the case may be, of the nomination, its acknowledgement etc. for a period of eight years after transmission of the folio/ account.
- j) There shall be no restriction on the number of instances an investor can make, change or cancel his/her nomination.
- k) AMC shall provide in the periodic statement of holding or statement of account either a) name(s) of the nominee(s) or b) whether or not nomination has been made by the investor. This is provided only when the investor opts for the same.
- l) In case the investor specifies multiple nominees, then he / she shall also specify the percentage share for each nominee. Any odd lot after division / fraction of % shall be transferred to the first nominee mentioned in the nomination form. In absence of such specification, the AMC / RTA shall apportionment the assets equally among all the nominees. In case of demise of the investor and any one of the nominees, the regulated entities shall distribute the assets pro rata to the remaining nominees
- m) Investor/s shall have the option to specify guardian/s when nominee/s is / are minor/s.
- n) Completion or updating of KYC of the nominee/s during the lifetime of the investors shall be optional.
- o) In absence of nomination, the AMC / RTA / DP shall transmit the assets in the account / folio to either the legal heir(s) or legal representative(s) of the holders as per the rules of intestate succession or as per the Will of the latter, as the case may be, after following the procedure prescribed by SEBI and AMFI Circulars and Guidelines as amended from time to time.
- p) Investors shall mandatorily provide the following;
 - i. any one of the following personal identifiers of the nominee – PAN or Driving Licence number or last 4 digits of Aadhaar (only the document number is required to be provided; not the document). However, in case of NRI / OCI / PIO, Passport number is acceptable.
 - ii. full contact details of nominee(s) such residential address, e-mail address, telephone / mobile number⁷
 - iii. relationship of nominee(s) with the investor
 - iv. Date of birth of nominee(s) (if nominee is a minor)
- q) Investors can nominate up to 10 persons in the account / folio
- r) Power of Attorney (POA) Holder(s) of the investor cannot nominate.

- s) Upon transmission of joint account / folio, the nominees shall have the option to either continue as joint holders with the other nominees or open separate single account / folio for their respective portion.
- t) The AMC shall provide the investors having single holding / account / folio, the option to;
 - i. empower, any one of the nominees (excluding minor nominee) to operate the investor's account / folio, if the investor is physical incapacitated, but still has the capacity to contract,
 - ii. specify either the percentage or absolute value of assets in the account/ folio that can be encashed by such nominee,
 - iii. change such mandate any number of times without any restriction.
 - iv. The provisions of Clause (t) shall be applicable for a joint account / folio in the event where all the holders are simultaneously incapacitated.

Broad guidelines to be followed for operation of accounts in case of an incapacitated investor are, as follows

- a) Upon receipt of intimation on behalf of such investor, a responsible officer of the AMC / RTA / DP shall visit the incapacitated investor in- person. The aforesaid request shall be accompanied with medical certificate indicating the reason for inability to affix signature by the investor and its tenure.
- b) This officer shall first hand ascertain that the investor has the capacity to contract (i.e. to exclude investors in ventilator, coma or unconscious)
- c) Depending on the nature and degree of incapacitation, this officer shall obtain a thumb or toe impression or 'a mark', as the case may be, on the written request for transacting in the account / folio of the incapacitated investor, in the presence of an independent witness.
- d) This officer shall record his/her name, signature and suitable remarks to the effect that "Thumb impression / toe impression / mark affixed in my presence" on the written request of the client.
- e) Any encashment by such nominee shall be credited only to the bank account linked to the account / folio of the investor
- f) Shall not allow any service request, including change in bank account, email address, mobile number etc. by such nominee.

Notwithstanding the foregoing, Power of Attorney holder can continue to transact in the account / folios of an investor, subject to the applicable norms.

C. Transmission to Nominees

- a) For transmission of assets to the registered nominee(s), the AMC / RTA shall require only the following:
 - i. Self-attested copy of Death Certificate of the deceased investor,
 - ii. due completion, updating or reaffirming of the KYC of nominee/s,
 - iii. due discharge from the creditors if there are subsisting credit facilities secured by a duly created pledge (as mentioned in paragraph number 2.7),
 - iv. AMC / RTA shall not seek any other documentation including affidavits, indemnities, undertakings, attestations or notarizations from the nominee(s),
 - v. No claims in respect of such transmission shall subsist against AMC / RTA and any claim or contestation shall be only amongst the nominee(s) and the claimants without reference to AMC / RTA.
- b) Transfer to Legal heir(s) / representatives from nominees
 - i. AMC / RTA shall facilitate / extend co-operation to transfer assets from the nominee(s) to the legal heir(s) of an investor, as and when approached by either party. In this regard, the AMC / RTA shall obtain suitable declaration from the nominee(s) while effecting transmission
 - ii. The AMC / RTA shall be fully discharged from its liabilities upon transmission of assets to the nominee(s).

D. In case of joint holdings, the AMC / RTA shall not seek any documentation including related to KYC, indemnities or undertakings from the surviving joint holder, except copy of the Death Certificate of the deceased.

E. In accounts / folios with multiple nominees, where some portion is transmitted to the nominee(s) and the remaining portion is unclaimed by the other nominee(s) the DP / AMC shall allow the unclaimed portion to continue in the existing account / folio and not permit any other transactions in such accounts / folio, other than transmission to the remaining nominee(s). Further, the DP shall flag such demat accounts for additional due diligence and furnish periodical report of such accounts to the concerned Depositories, and; AMC shall treat any money payable / attributable to such folio at par with the extant norms pertaining to treatment of unclaimed money and flag such folios for additional due diligence.

F. Regulated entities shall have the following online mechanism for existing and new investors, who want to opt-out of nomination;

- a) The online facility shall provide a mechanism for the investor to affirm their choice, in case of opting out of nomination. Upon choosing this option, the investor shall get an OTP.

- b) Upon submitting this OTP, the investor shall have a choice to either
 - i. furnish the unique acknowledgement number of having submitted the declaration form to opt-out¹¹ in physical mode with wet signature at any of the office of the concerned AMC / RTA; or
 - ii. capture their opting-out through video recording by the AMC / RTA as per extant norms in this regard

G. Further, unit holders are requested to make note of' the following:

- a) Nomination shall be maintained at folio level and shall be applicable for investment under all schemes in the folio.
- b) Where a folio has joint holders, all joint holders should sign the request for nomination/cancellation of nomination, even if the mode of holding is anyone or survivor or joint. Nomination form/section cannot be signed by Power of attorney (PoA) holders.
- c) Every new nomination for a folio/account will overwrite the existing nomination.
- d) Nomination will not be allowed in a folio held on behalf of a minor.
- e) A minor can be nominated and, in that event, the name, relationship and address of the guardian of the minor nominee shall be provided by the unit holder. Guardian of the minor should either be a natural guardian (i.e. father or mother) or a court appointed legal guardian.
- f) Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of his office or a religious or charitable trust.
- g) The Nominee shall not be a trust (other than a religious or charitable trust), society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a Nominee subject to the exchange controls in force, from time to time.
- h) Transfer of units in favour of a Nominee shall be valid discharge by the AMC against the legal heir.
- i) On cancellation of the nomination, the nomination shall stand withdrawn and the AMC shall not be under any obligation to transfer the units in favour of such Nominee.
- j) The AMC shall have the right to ask for any additional information / documentation as it may deem necessary to satisfy itself as to the identity of the Nominee/ Claimant including but not limited to procuring an Indemnity Bond.
- k) Investors who want to make multiple nominations should give a separate request in the Form as prescribed by the AMC.
- l) In case of multiple nominees, the percentage of allocation/share in whole numbers and without decimals in favour of each of the nominees should be indicated against

the name of the nominees. Such allocation/ share should total to 100 percent. In the event of the Unitholder(s) fail to indicate the percentage of allocation/share for each of the nominees, the Mutual Fund/ AMC, by invoking default option shall settle the claim equally amongst all the nominees.

- m) All existing investors/ Unitholders are encouraged, in their own interest, to provide 'choice of nomination' for ensuring smooth transmission of securities held by them as well as to prevent accumulation of unclaimed assets in securities market.

The above clauses under the heading "Nomination Facility" will come into force with effect as per the timelines specified by SEBI and AMFI, from time to time.

2) Prevention of Money Laundering Act, 2002 requirements ("PMLA Requirements")

In terms of the Prevention of Money Laundering Act (PMLA), 2002, the Rules issued thereunder and the guidelines/circulars issued by the Securities and Exchange Board of India ('SEBI') and Association of Mutual Funds in India ('AMFI') regarding Anti Money Laundering ('AML Laws'), all intermediaries, including Mutual Funds, have to verify and maintain records of all its investors through the mandated Know Your Customer ('KYC') process with effect from February 01, 2008. The AMC shall comply with the provisions notified under the PMLA Act, 2002 and the circulars issued by SEBI and AMFI from time to time.

The investor(s) /unitholder(s) including guardian(s)/ legal guardian(s) where investor / unitholder is a minor, must ensure that the amount invested in the schemes is derived only through legitimate sources and does not involve and is not designed for the purpose of any contravention or evasion of the provisions of all the applicable laws, rules and regulations, directions issued by the appropriate authority in force from time to time including the Prevention of Money Laundering Act, 2002 the Income Tax Act, 1961, or the Prevention of Corruption Act, 1988, etc. Pursuant to the above and SEBI in terms of master circular dated June 27, 2024, the AMC may seek information or obtain and retain documentation used to establish customers identity. It may re-verify identity and obtain any missing or additional information for this purpose. The AMC /Trustee reserve the right to take all steps and actions, including recording investor(s) /unitholder(s) telephonic calls, and /or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds etc. in accordance with the applicable laws, from the investor(s) /unitholder(s), as may be required, to ensure the appropriate identification /verification /re-verification of the investor(s) /unitholder(s), the source of funds etc. under its KYC Policy.

The AMC, under powers delegated by the Trustee, shall have absolute discretion to reject any application, prevent further transactions by a unit holder, delay processing redemption as per applicable laws or regulations if:

- after due diligence, the investor/ unit holder /a person making the payment on behalf of the investor does not fulfill the requirements of the KYC as determined by the AMC or the AMC believes that the transaction is suspicious in nature as regards money laundering.
- AMC reserves the right to reject any application and affect a mandatory redemption of units allotted in case of any non-compliance of PMLA and KYC requirements. If the payment for purchase of units are made by a third party (e.g. a power of attorney holder, a financing agency, a relative, etc.), the investor/ applicant may be required to give such details of such transactions so as to satisfy the AMC of the source and/or consideration underlying the transaction.

Implementation of the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 with respect to seeding of Aadhaar number:

The Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 have come into force with effect from June 01, 2017. These Rules, inter alia, make it mandatory for investors to submit Aadhaar number issued by the Unique Identification Authority of India (UIDAI) in respect of their investments.

Further, pursuant to the notification on Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2019 dated February 14, 2019, Aadhaar can be accepted as a valid document for proof of address or proof of identity, provided the investor redact or blackout his Aadhaar number while submitting the applications for investments.

The aforesaid guidelines will be subject to change as per the directives issued by the concerned regulatory/government authority from time to time.

Further, the investors who have not provided their PAN or PAN Exempt KYC Reference Number (PEKRN) for their existing folios are requested to provide the same for updation.

3) KYC Requirements

KYC (Know Your Customer) norms is mandatory for ALL investors (including existing investors and joint holders), who wish to make investments in Mutual Funds, irrespective of the amount of investment. Investments where KYC is not completed, is liable to be rejected.

KYC shall also be mandatory for:

- a) constituted Power of Attorney (PoA) holder(s), in case of investments through PoA.
- b) each of the applicants, in case of application in joint names.
- c) guardian investing on behalf of minor
- d) if an individual becomes an investor due to an operation of law, e.g., transmission of units upon death of an investor, the claimant / person(s) entering the Register of unit holders of the Mutual Fund will be required to KYC compliant before such transfer takes place

Know your Customer (KYC) Procedure:

All the prospective and existing investors / unit holders of the Fund are requested to note that, pursuant to SEBI Circular No. MIRSD/Cir- 26 /2011 dated December 23, 2011, SEBI KYC Registration Agency (KRA) Regulations, 2011 and SEBI Circular No. MIRSD/SE/Cir21/2011 dated October 5, 2011 regarding uniformity in KYC process in the securities market and development of a mechanism for centralization of the KYC records, the following KYC procedure is being carried out:

- A. To bring uniformity in KYC process, SEBI has introduced a common KYC application form for all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes etc. All the new investors are therefore requested to use the Common KYC application form to apply for KYC and mandatorily undergo In Person Verification (IPV) requirements with SEBI registered intermediaries including Mutual Funds. For Common KYC Application Form please visit our website <https://capitalmindmf.com>.
- B. The AMC shall perform the initial KYC of its new investors and upload the details of the investors on the system of the KYC Registration Agency (KRA), like CDSL Ventures Ltd ("CVL"). Registrar and Transfer Agent (RTA) of the Mutual Fund may also undertake the KYC of the investors on behalf of the AMC. KRA shall send a letter to the client within 10 (ten) Business Days of the receipt of the initial/updated KYC documents from the AMC, confirming the details thereof. An investor can start investing with the Mutual Fund as soon as the initial KYC is done and other necessary information is obtained while the remaining process of KRA is in progress.
- C. The AMC and the distributors, who comply with the certification process of National Institute of Securities Market (NISM) or Association of Mutual Funds in India (AMFI)

and have undergone the process of 'Know Your Distributor (KYD)', can perform the IPV for the investors of the Mutual Fund. However, in case of applications received by the Mutual Fund directly from the investors (i.e. not through any distributor), the AMC may also rely upon the IPV (on the Common KYC form) performed by the scheduled commercial banks.

- D. Once the investor has done KYC with a SEBI registered intermediary, the investor need not undergo the same process again with another intermediary including Mutual Funds. However, the AMC reserves the right to carry out fresh KYC to the investors or undertake enhanced KYC measures commensurate with the risk profile of the investor.
- E. In terms of the Master Circular, it is mandated by SEBI that, in case of transactions done through distributor, all KYC documents/Power of Attorney of the investors should be in the custody of AMC or RTA agents of AMC. The Trustees have been empowered to ensure compliance with the same
- F. The investor(s) and their attorney, if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/ passport/ driving license/PAN card, etc. and/or such documents or produce such information as may be required from time to time for verification of the identity, residential address and financial information of the investor(s) by the AMC/Mutual Fund.
- G. If the investor(s) or the person making payment on behalf of the investor(s), refuses / fails to provide the required documents/ information within the period specified in the communication(s) sent by the AMC to the investor(s) then the AMC, after applying appropriate due diligence measures, believes that the transaction is suspicious in nature within the purview of the Act and SEBI circulars issued from time to time and/or on account of deficiencies in the documentation, shall have absolute discretion to report suspicious transactions to FIU-IND and / or to freeze the folios of the investor(s), reject any application(s) / allotment of units and effect mandatory redemption of unit holdings of the investor(s) at the applicable NAV subject to payment of exit load, if any, in terms of the said communication sent by the AMC to the investor(s) in this regard.
- H. The KYC documentation shall also be mandatorily complied with by the holders by virtue of operation of law e.g. transmission, etc. Capitalmind Mutual Fund, Capitalmind Asset Management Limited, Capitalmind Trustee Limited and their Directors, employees and agents shall not be liable in any manner for any liability arising whatsoever on account of freezing the folios / rejection of any application / allotment

of units or mandatory redemption of units due to non-compliance with the provisions of the Act, SEBI circular(s) and KYC policy and / or where the AMC believes that transaction is suspicious in nature within the purview of the Act and SEBI circular(s) and reporting the same to FIU-IND.

I. It is mandatory for existing investors: -

- To update the beneficiary ownership details in order to continue to make additional subscriptions including switches in their existing folio.
- To provide / update additional KYC details as prescribed in Part-II of the Account Opening Forms of the Mutual Funds (Where such information was not provided earlier, to be able to continue to make additional subscription (including switches) in their existing folios with the respective schemes.
- To provide the missing information and complete IPV in order to continue to make additional subscriptions, including switches in their existing folios with the respective schemes.

J. Thus, it is mandatory to complete the KYC requirements for all unit holders, including for all joint holders and the guardian in case of folio of a minor investor.

K. Accordingly, financial transactions (including redemptions, switches and all types of systematic plans) and non-financial requests will not be processed if the unit holders have not completed KYC requirements.

L. Unit holders are advised to use the applicable KYC Form for completing the KYC requirements and submit the form at our nearest branch. Further, upon updation of PAN/KYC details with the KRA (KRA-KYC)/CERSAI (CKYC), the unit holders are requested to intimate us/our Registrar and Transfer Agent - KFIN Technologies Limited, their PAN information along with the folio details for updation in our records.

4) CKYC Process:

Any new individual investor who has not done KYC under KRA regime shall fill the new CKYC form. In case any such new individual investor uses the old KYC form, he/she shall provide additional/missing information by filling the Supplementary CKYC form or the new CKYC form.

Existing investors who are registered or verified in the KRA system can continue making investments without any additional documentation. However, for any modification to their existing records, they need to fill up the CKYC form.

The aforesaid forms are available on the website of the AMC viz. <https://capitalmindmf.com> and for completion of CKYC process, the investors are required to visit the nearest Point of Service or Point of Acceptance of transactions of the AMC. Central KYC Records Registry (CKYCR), in its communication no. CKYC/2020/11 dated January 04, 2021 has specified that since CKYCR is fully operational for individual clients, it has been decided to extend CKYCR to Legal Entities (LE) as well. Accordingly, Registered Intermediaries (RIs) shall upload the KYC records of LE accounts opened on or after April 01, 2021 on to CKYCR in terms of Rule 9 (1A) of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005

5) Ultimate Beneficial Ownership (UBO)

As a part of Client Due Diligence (CDD) Process under PMLA 2002 read with PMLA Rules, 2005 each of the SEBI registered entity, which inter-alia includes Mutual Funds, is required to obtain sufficient information from their clients in order to identify and verify the identity of persons who beneficially own or control the securities account.

Further, pursuant to SEBI Master Circular No. CIR/ISD/ AML/3/2010 dated December 31, 2010 on Anti Money Laundering Standards and Guidelines on identification of Beneficial Ownership issued by SEBI vide its Circular No. CIR/MIRSD/2/2013 dated January 24, 2013 and Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 dated June 16, 2023 and Master Circular No. SEBI/ HO/ MIRSD/ DOP/ CIR/ P/ 2019/113 dated October, 15, 2019 and SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023, investors (other than Individuals) are required to provide details of Ultimate Beneficial Owner(s) ('UBO') and submit proof of identity (viz. PAN with photograph or any other acceptable proof of identity prescribed in common KYC form) of UBO(s).

i. Applicability:

1. Providing information about beneficial ownership will be applicable to the subscriptions received from all categories of investors except Individuals and a Company listed on a stock exchange or is a majority owned subsidiary of such a Company.
2. Proof of Identity of the UBO such as Name/s, Address & PAN/Passport together with self-attested copy* along with the declaration form for 'Ultimate Beneficial Ownership are required submitted to the AMC/its RTA.(* Original to be shown for verification and immediate return.)

3. In case of any change in the beneficial ownership, the investor should immediately intimate the AMC / its Registrar / KRA, as may be applicable, about such changes.

ii. Identification Process:

(A) For Investors other than Individuals or Trusts:

- (i) If the investor is an unlisted company, partnership firm or unincorporated association / body of individuals, the beneficial owners are the natural person/s who are acting alone or together, or through one or more juridical person and exercising control through ownership or who ultimately has a controlling ownership interest.
- (ii) Controlling ownership interest means ownership of /entitlement to:
 - a. more than 10% of shares or capital or profits of the juridical person, where juridical person is a company;
 - b. more than 10% of the capital or profits of the juridical person, where the juridical person is a partnership firm; or
 - c. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.
- (iii) In cases, there exists doubt as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity details should be provided of the natural person who is exercising control over the juridical person through other means (i.e. control exercised through voting rights, agreement, arrangements or in any other manner
- (iv) Where no natural person is identified under any of the above criteria, the person who holds the position of senior managing official shall be provided.

(B) For Investor which is a Trust:

In case of a Trust, the settler of the trust, the trustee, the protector and the beneficiaries with 10% or more interest in the trust or any other natural person exercising ultimate effective control over the trust through a chain of control or ownership shall be considered as beneficial owner.

(C) For Foreign Investors:

The Know Your Client requirements in case of foreign investors viz. Foreign Institutional Investors (FIIs)/ Foreign Portfolio Investors (FPIs), Sub accounts and Qualified Foreign Investors (QFIs) as specified in SEBI circular no CIR/MIRSD/11/2012 dated September 5, 2012 shall be considered for the purpose of identification of beneficial ownership of the investor

6) Prevention of Tax evasion

Foreign Account Tax Compliance Act (FATCA)

FATCA is a United States (US) Federal Law, to improve compliance of US tax citizens who have foreign financial assets and offshore accounts. In terms of FATCA, foreign financial institutions (FFIs) are required to report information about financial accounts held by US taxpayers (even if they hold only non-US assets), or held by foreign entities in which US taxpayers hold a substantial ownership interest.

The Government of India and US Government have signed an Inter-Governmental Agreement (IGA) on July 9, 2015 to implement FATCA. Pursuant to the reporting requirements mandated under FATCA, the AMC would be required, from time to time:

- (i) To undertake necessary due diligence process by collecting information/documentary evidence about US/Non-US status of the investors/unit holders and identify US reportable accounts; and
- (ii) To disclose/report information about the holdings, investments returns pertaining to US reportable accounts to the specified US agencies and/or such Indian authorities as may be specified under FATCA guidelines or under any other guidelines issued by Indian Regulatory Authorities such as SEBI, Income Tax etc. (collectively referred to as 'the Guidelines')

FATCA due diligence will be applicable at each investor/unit holder (including joint holders) level and on being identified as reportable person/specified US person, all folios/accounts will be reported including their identity, direct or indirect beneficiaries, beneficial owners and controlling persons. Further, in case of folio(s)/account(s) with joint holder(s), the entire account value of the investment portfolio will be attributable under each such reportable person. Investor(s)/Unit holder(s) will, therefore, be required to comply with the request of the AMC/the Mutual Fund to furnish such information, in a timely manner as may be required by the AMC/the Mutual Fund to comply with the due diligence/reporting requirements stated under IGA and/or the Guidelines issued from time to time.

With respect to individuals, the US reportable accounts would cover those with US citizenship or US residency. One may note that in US, both US citizens and residents are taxed on their worldwide income. With respect to entities, FATCA requires reporting in relation to specified US persons (Eg. US partnerships, private corporations) as well as

passive Non-financial foreign entities (NFFEs) in which controlling interest is held by specified US person.

The identification of US person will be based on one or more of the following “US indicia”

–

- Identification of account holder as a US citizen or resident;
- Unambiguous indication of a US place of birth;
- Current US mailing or residence address (including a US post office box)
- Current US telephone number;
- Standing instructions to transfer funds to an account maintained in USA;
- Current effective power of attorney or signing authority granted to a person with a US address; or
- An “in-care of” or “hold mail” address that is the sole address that the Indian Financial Institution has on the file for the account holder.

FATCA provisions are relevant not only at on-boarding stage of investor(s)/unit holder(s) but also throughout the life cycle of investment with the AMC. In view of this, Investors should immediately intimate to the AMC, in case of any change in their status with respect to FATCA related declaration provided by them previously.

The AMC reserves the right to reject any application or redeem the units held directly or beneficially in case the applicant/investor(s) fails to furnish the relevant information and/or documentation in accordance with the FATCA provisions, notified.

Investors(s)/Unit holder(s) should consult their own tax advisors to understand the implications of FATCA provisions/requirements. Existing investors of the Mutual Fund are also advised to download the FATCA declaration form from the AMC’s website (<https://capitalmindmf.com>) and submit the duly filled FATCA declaration form to the AMC or KFIN for necessary updation in the records.

7) Common Reporting Standard (CRS)

On similar lines as FATCA, the Organization of Economic Development (OECD), along with the G20 countries, of which India is a member, has released a “Standard for Automatic Exchange of Financial Account Information in Tax Matters”, in order to combat the problem of offshore tax evasion and avoidance and stashing of unaccounted money abroad, requiring cooperation amongst tax authorities. The G20 and OECD countries have together developed a Common Reporting Standard (CRS) on Automatic Exchange of Information (AEOI).

The CRS on AEOI was presented to G20 Leaders in Brisbane on 16th November, 2014. On June 3, 2015, India has joined the Multilateral Competent Authority Agreement (MCAA) on AEOI. The CRS on AEOI requires the financial institutions of the “source” jurisdiction to collect and report information to their tax authorities about account holders “resident” in other countries, such information having to be transmitted “automatically” annually. The information to be exchanged relates not only to individuals, but also to shell companies and trusts having beneficial ownership or interest on the “resident” countries.

Appropriate rules have been notified to implement CRS and FATCA. In view of India’s commitment to implement the CRS on AEOI and also the IGA with USA, and with a view to provide information to other countries, necessary legislative changes have been made through Finance (No. 2) Act, 2014, by amending section 285BA of the Income Tax Act, 1961. Income tax Rules, 1962 were amended vide notification No. 62 of 2015 dated 7th August, 2015 by inserting Rules 114F to 114H and Form 61B to provide a legal basis for the Reporting Financial Institutions (RFIs) for maintaining and reporting information about the Reportable Accounts.

8) EUIN Requirement

Pursuant to SEBI Master Circular for Mutual Funds, mutual funds are directed to capture the unique identity number (EUIN) of the employee/relationship manager/sales person of the distributor (Sales Person) interacting with the investor for the sale of mutual fund products in addition to the AMFI Registration Number (ARN) of the distributor in the application form.

Investors procuring advisory services from non Individual distributors are requested to note that EUIN would assist in tackling the problem of mis-selling even if the employee/relationship manager/sales person leave the employment of the distributor.

Hence, if investments are routed through a distributor, investors are requested to ensure that the ARN code, Sub broker ARN code, and EUIN is correctly filled up in the Application Form. Further, investors are requested to use application forms/ transaction forms which will have spaces for the Sub broker ARN code and the EUIN.

As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account numbers in their applications for purchase or redemption of Units.

If the Unit holder fails to provide the Bank mandate, the request for redemption would be considered as not valid and the Fund retains the right to reject/withhold the redemption until a proper bank mandate is furnished by the Unit holder and the provision with respect of penal interest in such cases will not be applicable/ entertained.

AMC reserves right to decide the mode of payment viz, Direct Credit /ECS/NEFT or cheque and no specific consent is required in case of electronic mode is opted.

9) Payment of Maturity/ Redemption Proceeds to NRIs/FPIs

Credit balances in account of the NRI/FII will be subject to any procedures laid down by the RBI. Such maturity/ redemption proceeds will be paid by means of a rupee cheque payable to the designated NRE/NRO account of the unit holder.

Payment to NRI/FII unit holder will be subject to the relevant laws/guidelines of the Reserve Bank of India as are applicable from time to time (subject to deduction of tax at source as applicable).

- a) Wherever the investment is made on repatriation basis, the amount representing the IDCW and maturity proceeds may be remitted through normal banking channel or credited to NRE/FCNR/NRO/NRNR account of the non-resident investor.
- b) Where the investment is made by remittance from abroad through normal banking channel or by debit to NRE/FCNR/NRO account of the non-resident investor on non-repatriation basis, the IDCW and maturity proceeds may be credited to the NRO/NRNR account of the non-resident investor
- c) Where the investment is made by debit to NRE/FCNR/NRO account of the non-resident investor, the IDCW and maturity proceeds shall be credited to NRE/FCNR/NRO account of the non-resident investor
- d) In case of FIIs, IDCW and maturity proceeds will be paid by means of rupee payable to the Account maintained with a designated bank.

10) Signature mismatch cases

While processing the redemption/switch out request in case the AMC / Registrar come across a signature mismatch, then the AMC/ Registrar reserves the right to process the redemption only on the basis of supporting documents confirming the identity of the investors on case-to-case basis

11) Transfer of units

Mutual Fund units (Physical & Demat Form) unless otherwise restricted or prohibited under the scheme, shall be freely transferable by act of parties or by operation of law.

A unitholder, in a close ended scheme listed on a recognized stock exchange, who desires to trade in units shall hold units in dematerialized form.

The AMC shall, on production of instrument of transfer together with relevant unit certificates, register the transfer and return the unit certificate to the transferee within thirty days from the date of such production:

Provided that if the units are with the depository such units will be transferable in accordance with the provisions of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

For SoA transfers, AMFI requires effecting valid transfer requests within 2 business days

The instructions for transfer of Units will have to be lodged with the DP in the requisite form along with the requisite documents as may be required from time to time and transfer will be effected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized form

Transfer of units held in Non - Demat (SoA) mode

- a) Pursuant to AMFI Best Practices Guidelines Circular No. 135/BP/116/2024-25 dated August 14, 2024, the facility for transfer of units in SOA mode shall be made available under all Schemes, except Exchange Traded Funds (ETFs) (as applicable).
- b) The facility to transfer the units held in SoA mode shall be presently provided to individual unitholders falling under the following three categories:-
 - i. Surviving joint unitholder, who wants to add new joint holder(s) in the folio upon demise of one or more joint unitholder(s).
 - ii. A nominee of a deceased unitholder, who wants to transfer the units to the legal heirs of the deceased unitholder, post the transmission of units in the name of the nominee.
 - iii. A minor unitholder who has turned a major and has changed his/her status from minor to major, wants to add the name of the parent/ guardian, sibling, spouse etc. in the folio as joint holder(s).
- c) Partial transfer of units held in a folio shall be allowed. However, if the balance units in the transferor's folio falls below specified threshold / minimum number of units as

specified in the SID, such residual units shall be compulsorily redeemed, and the redemption amount will be paid to the transferor.

- d) If the request for transfer of units is lodged on the record date, the dividend payout/ reinvestment shall be made to the transferor.
- e) In order to mitigate the risk, redemption under the transferred units shall not be allowed for 10 days from the date of transfer. This will enable the investor to revert in case the transfer is initiated fraudulently.
- f) The surviving unit holder /nominee/minor unitholder who has turned major, will need to first complete the required process for transmission of units or change of status from minor to major (as the case may be), after submission of required forms / documents and should be registered as the rightful unitholder of the units in the folio to be eligible to apply for transfer of units held in SoA mode.
- g) There should be no “lien” or freeze on the units being transferred for any reason whatsoever. Also, the Units should not be under any lock-in period.
- h) The transferee(s) should mandatorily –
 - i. be an individual / individual(s).
 - ii. have a valid folio* in the mutual fund in which the transferor wishes to transfer the units.
 - iii. be KYC compliant with “KYC validated” status.
 - iv. have valid PAN.
 - v. have/provide a valid CBS Bank account details of the transferee/ 1st named transferee (in case of more than one transferee).
 - vi. have a valid email address and mobile number.
 - vii. have submitted duly completed Nomination form or Opt-out declaration.
 - viii. should be eligible to hold the Units as per the respective SID.
 - ix. fulfil any other regulatory requirement as may be applicable.

** Note: If the transferee(s) does not / do not have an existing folio in the concerned mutual fund, the transferee(s) shall be required to first open a ‘Zero Balance Folio’ with the concerned mutual fund. The zero-balance folio must also be compliant with all mandatory requirements such as KYC compliance, bank account validation, FATCA, nomination, email address and mobile number etc. This will pre-empt rejection of a transfer request, if it is discovered post the acceptance of transfer request, that the transferee is not KYC compliant or has provided invalid PAN etc.*

- i) The primary holder, Plan, Option, and the ARN (in case of Regular Plan) in the transferor’s Folio shall remain unchanged upon transfer of units in the transferee folio.
- j) The facility for transfer of units held in SoA mode shall be available only through online mode via the transaction portals of the RTAs and the MF Central, i.e., the transfer of units held in SoA mode shall not be allowed through physical/ paper-based mode or via the stock exchange platforms, MFU, channel partners and EOPs etc.

- k) The Stamp duty for transfer of units, if/where applicable, shall be payable by the transferor.
- l) For the purpose of calculation of the amount of stamp duty, the consideration value will be calculated as per the last available NAV (irrespective of the amount of consideration mentioned by the transferor in the transfer request).

Illustration: Where transfer request is submitted on, say, Wednesday before declaration of NAV for Wednesday, the previous day's NAV i.e., Tuesday's NAV would be available and the same will be applied by the RTA to determine the amount of stamp duty. If the transfer request is logged at, say, 11.30 p.m. after publication of Wednesday's closing NAV, the same shall be applied. Likewise, if the transfer request is submitted on a non-business day, the closing NAV of the previous business day shall be considered for arriving at sale consideration amount and stamp duty computation.

- m) The process workflow with regards to transfer of units held in SoA mode shall be as prescribed by the aforesaid AMFI Best Practices Guidelines Circular, as amended from time to time

12) Suspension of Sale and Redemption of Units

Suspension or restriction of repurchase/ redemption facility under any Scheme of the Mutual Fund shall be made applicable only after obtaining the approval from the Boards of Directors of the AMC and the Trustees. The approval from the AMC Board and the Trustees giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance. Additionally, the following requirements would be undertaken before imposing restriction on redemptions:

- a) Restriction may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:
 - Liquidity issues - when market at large becomes illiquid affecting almost all securities rather than any issuer specific security.
 - Market failures, exchange closures - when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies.
 - Operational issues - when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out). Such cases can only be considered if they are reasonably unpredictable and occur in spite of appropriate diligence of third parties, adequate and effective disaster recovery procedures and systems.

- b) Restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period.
- c) Any imposition of restriction would require specific approval of Board of AMC and Trustees and the same should be informed to SEBI immediately.
- d) When restriction on redemption is imposed, the following procedure shall be applied:
 - No redemption requests up to Rs. 2 lakh shall be subject to such restriction.
 - Where redemption requests are above Rs. 2 lakh, the AMC shall redeem the first Rs. 2 lakh without such restriction and remaining part over and above Rs. 2 lakh shall be subject to such restriction.

Right to Limit Redemptions: Any Units, which by virtue of the limitations mentioned above are not redeemed on a particular Business Day, will be carried forward for Redemption to the next Business Day, in order of receipt. Redemptions so carried forward will be priced on the basis of the Applicable NAV (subject to the prevailing load) of the Business Day on which Redemption is made. Under such circumstances, to the extent multiple Redemption requests are received at the same time on a single Business Day, Redemptions will be made on pro-rata basis, based on the size of each Redemption request, the balance amount being carried forward for Redemption to the next Business Day(s).

Suspension or restriction of repurchase/ redemption facility under any scheme of the mutual fund shall be made applicable only after obtaining the approval from the Boards of Directors of the AMC and the Trustees. After obtaining the approval from the AMC Board and the Trustees, an intimation would be sent to SEBI in advance providing details of circumstances and justification for the proposed action shall also be informed.

13) Permanent Account Number (PAN)

Permanent Account Number (PAN) is the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction, effective July 02, 2007. Permanent Account Number (PAN) is mandatory for all the purchases/additional purchases irrespective of the amount of investments for all the existing and prospective investors (including NRIs) including joint holders and guardians in case of investments by Minors.

In accordance with SEBI circular No. MRD/DoP/MF/Cir-08/2008 dated April 03, 2008, it has been notified to exempt investors residing in the state of Sikkim from the mandatory requirement of PAN for their investments in mutual funds also. However, this is subject to the Fund verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient

documentary evidence. Mutual Funds are also advised to ensure strict compliance with the applicable 'Know Your Client' norms.

As per 16.1.5 of Master Circular, All new folios/ accounts shall be opened only after ensuring that all investor related documents including account opening documents, PAN, KYC, PoA (if applicable), specimen signature are available with AMCs/RTAs and not just with the distributor. For existing folios, AMCs shall be responsible for updation of the investor related documents including account opening documents, PAN, KYC, PoA (if applicable), specimen signature.

With effect from January 1, 2011, KYC norms are mandatory for ALL investors, who wish to make investments in Mutual Funds, irrespective of the amount of investment. Investments where KYC is not completed is liable to be rejected.

14) Transmission of units

In case Units are held in a single name by the Unitholder, units shall be transmitted in favour of the nominee(s), where the Unitholder has appointed nominee(s) upon production stipulated documents to AMC/Trustee Company or Registrar. If the Unitholder has not appointed nominee(s), the units shall be transmitted in favour of the Unitholder's executor/administrator of estate/Legal heir(s) as the case may be on production of stipulated documents. In case Units are held by more than one registered Unitholder, then upon death of the first Unitholder, units shall be transmitted in favour of the second named holder on production of stipulated documents.

The rights in the units will vest in the nominee(s) concerned upon the death of all Joint Unitholders upon the nominee producing stipulated documents. In case of close ended schemes, units shall be transmitted in favour of second holder/Nominee(s)/Unitholder's executor/administrator of estate/Legal heir(s) as the case may be, however, all payments/settlements/monetary claims will be made upon maturity of such scheme. Kindly note the redemption request given with transmission will not be processed and investors will have to submit a redemption request after the transmission is completed. New folio will be created even in case of transmissions to Nominee or legal heir.

For Death Certificate ("DC") issued outside India: The DC should be attested by Indian Embassy located in the country issuing the DC or embassy of the country issuing DC located in India.

For transmission of units the Applicants/Claimants shall be required to submit the prescribed documents under various situations as stipulated below: -

1. DELETION OF NAMES OF THE DECEASED UNITHOLDERS IN CASE OF DEATH OF 2ND AND/OR 3RD HOLDER:

- a) Request Form (Form T1) from surviving unitholder(s) requesting for Deletion of Name of Deceased 2nd and/or 3rd Holder.
- b) Death Certificate in original or photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original. Fresh Bank Mandate Form along with cancelled cheque of the new bank account (only if there is a change in existing bank mandate)
- c) Fresh Nomination Form (or Nomination Opt-out form) in case there is no nomination or a change in existing nomination is desired by the surviving Unitholders.
- d) KYC Acknowledgment or KYC Form of the surviving unit holder(s), if not KYC compliant. Transmission will be completed only once the status of the KYC is “KYC complied”.
- e) Additional documentation required:
ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid Officially Valid Document (OVD) as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and Original Seen and verified (OSV) seal attested by them.

2. TRANSMISSION OF UNITS TO SURVIVING UNITHOLDER(S) IN CASE OF DEATH OF THE 1ST HOLDER:

- a) Transmission Request Form (Form T2) for transmission of Units to the surviving Unitholder/s.
- b) Death Certificate of the deceased Unitholder(s) in original OR photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original Self attested copy of PAN Card of the Surviving Joint Holder(s) (if PAN is not provided already)
- c) Cancelled cheque of the new first Unitholder, with the claimant's name pre-printed OR recent Bank Statement/Passbook (not more than 3 months old) of the new first holder.
- d) KYC Acknowledgment OR KYC Form of the surviving Unitholder(s), if not KYC compliant.
- e) Transmission will be completed only once the status of the KYC is “KYC complied”.

- f) Additional documentation required: ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other OVD as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and OSV seal attested by them.

3. TRANSMISSION OF UNITS TO THE REGISTERED NOMINEE/S IN CASE OF DEATH OF SOLE OR ALL UNITHOLDERS:

- a) Transmission Request Form (Form T3) for transmission of Units in favour of the Nominee(s).
- b) Death Certificate of the deceased unitholder(s) in original OR photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original Copy of Birth Certificate, in case the Nominee is a minor.
- c) Self-attested copy of PAN Card of the Nominee(s) / Guardian (in case the Nominee is a minor)
- d) KYC Acknowledgment OR KYC Form of the Nominee(s) / Guardian (where Nominee is a Minor). Transmission will be completed only once the status of the KYC is "KYC complied". cancelled cheque with the Nominee's name pre-printed OR copy of the Nominee's recent Bank Statement/Passbook (which is not more than 3 months old).
- e) If the transmission amount is up to INR 5 Lakh, Nominee's signature attested by the Bank Manager as per Annexure-I(a). In case the Nominee is a minor, signature of the guardian (as per the bank account of the Minor or the joint account of the minor with the guardian) shall be attested.
- f) If the transmission amount is for more than INR 5 Lakh, as an operational risk mitigation measure, signature of the Nominee shall be attested by a Notary Public or a Judicial Magistrate First Class (JMFC) with seal and date in the space provided for signature attestation in the TRF itself below the signature of the claimant.
- g) Additional documentation required: ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid OVD as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and OSV seal attested by them.

4. TRANSMISSION OF UNITS TO THE CLAIMANT/S ON DEATH OF SOLE UNITHOLDER OR ALL UNITHOLDERS, WHERE THERE IS NO NOMINATION REGISTERED:

- a) Transmission Request Form (Form T3) for transmission of Units to the claimant.
- b) Death Certificate of the deceased Unitholder(s) in original OR photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original copy of Birth Certificate in case the claimant is a minor.
- c) Self-attested copy of PAN card of the claimant / guardian (in case the claimant is a minor).
- d) KYC Acknowledgment OR KYC Form of the claimant / guardian (in case the claimant is a minor). Transmission will be completed only after the KYC status is updated as “KYC complied”.
- e) Cancelled cheque with the claimant’s name pre-printed OR copy of the claimant’s recent Bank Statement/Passbook (which is not more than 3 months old).
- f) Additional documentation required:
ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid OVD as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and OSV seal attested by them.

A. If the transmission amount is up to INR 5 Lakh –

- a) Bank Attestation of signature of the claimant by the Bank Manager as per Annexure-I(a). In case the claimant is a minor, the signature of the guardian (as per the bank account of the minor or the joint account of the minor with the Guardian) shall be attested.
- b) Any appropriate document evidencing relationship of the claimant/s with the deceased unitholder/s.
- c) Bond of Indemnity as per Annexure-II to be furnished by Legal Heirs for Transmission of Units without production of Legal Representation. Provided that in case the legal heir(s)/claimant(s) is submitting the Succession Certificate or Probate of Will or Letter of Administration or appropriate Court order wherein the claimant is named as a beneficiary, an affidavit as per Annexure-III from such legal heir/claimant(s) alone would be sufficient, i.e., Bond of Indemnity is not required.
- d) Individual Affidavit to be given by each legal heir as per Annexure-III
- e) NOC from other legal heirs as per Annexure – IV, where applicable.

B. If the transmission amount is more than INR 5 Lakh –

- a) Signature of the claimant duly attested by a Notary Public or a JMFC with seal and date in the space provided for signature attestation in the Form T3 itself below the signature of the claimant. In case the claimant is a minor, the signature of the guardian (as per the bank account of the minor or the joint account of the minor with the guardian) shall be attested.
- b) Individual affidavits to be given each legal heir as per Annexure-III
- c) (i) Where transmission value at the PAN-level is more than INR5 lakh, but less than INR10 lakhs, any one of the documents mentioned below:
 - Notarized copy of Registered Will along with a Notarized indemnity bond from the claimant (appropriate beneficiary of the will) to whom the securities are to be transmitted, as per the format specified;
OR
 - Legal Heirship Certificate or its equivalent, along with:
 - a Notarized indemnity bond from the legal heir(s) / claimant(s) to whom the securities are to be transmitted, as per the format specified provided and
 - No Objection Certificate from all the non-claimants (i.e., remaining legal-heirs), duly attested by a Notary Public, JFMC or by a Gazette Officer as per the format specified.
- (ii) Where transmission value at the PAN-level is more than INR10 lakhs, any one of the documents mentioned below:
 - Notarized copy of Probated Will; OR
 - Succession Certificate issued by a competent court, OR
 - Letter of Administration or court decree, in case of Intestate Succession.
- d) Identity proof (e.g., copy of PAN card, redacted Aadhaar card, passport) of all legal heirs signing the NOC/affidavit other than claimant/s (i.e., legal heirs other than the claimant mentioned in Probate or Letters of administration or Succession Certificate).

5. CHANGE OF KARTA UPON DEATH OF THE KARTA OF HINDU UNDIVIDED FAMILY (HUF):

If the case of a HUF, the property of the HUF is managed by the Karta and the HUF does not come to an end in the event of death of the Karta. In such a case, the members of the HUF will need to appoint a new Karta, who needs to submit following documents for transmission:

- a) Request Form (Form T4) for change of Karta upon demise of the registered Karta.
- b) Death Certificate of the deceased Karta in original OR photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original.
- c) Bank's letter certifying that the signature and details of the new Karta have been updated in the bank account of the HUF & attesting the signature of the new Karta as per Annexure- 1(b).
- d) KYC acknowledgment OR KYC form of the new Karta and the HUF, if not KYC-compliant. Transmission will be completed only after the KYC status is updated as "KYC complied".
- e) Indemnity Bond as per Annexure V signed by all surviving coparceners (including the new Karta).
- f) Any appropriate document evidencing relationship of the new Karta and the other coparceners with the deceased Karta. Additional documentation required:
 - (i) ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid OVD as per PMLA guidelines] of the deceased Karta attested by the new Karta, duly notarized or originals to be shown at the AMC branches.
 - (ii) If the transmission amount is for more than INR 5 lakh, the signature of the new Karta) shall be attested by a Notary Public or a JMFC in the space provided for signature attestation in the TRF itself below the signature of the claimant.

All the forms and annexures mentioned under this section ("Transmission of Units") are available on AMFI Website <https://www.amfiindia.com>

15) Non-Acceptance/Processing of Purchase request(s): With respect to purchase request submitted by any investor, if it is noticed that there are repeated instances of two or more cheque bounces, the AMC reserves the right to, not to accept/allot units for all future purchase of such investor(s).

16) Duration of the Schemes:

The duration of open-ended schemes is perpetual, while that of the close-ended schemes is as mentioned in the relevant SIDs. However, in terms of the SEBI (Mutual Fund Regulations), 1996, a close-ended scheme shall be wound up on the expiry of duration fixed in the scheme on the redemption of the units unless it is rolled over for a further

period as mentioned in sub-regulation (4) of regulation 33 of SEBI (Mutual Fund) Regulations, 1996 and any amendment made thereof.

A Scheme of a Mutual Fund is to be wound up:

- a) On happening of any event, which in the opinion of the Trustee, requires the scheme concerned to be wound up; or
- b) If 75% (seventy-five per cent) of the unit holders of the scheme concerned pass a resolution that the scheme be wound up; or
- c) If SEBI so directs in the interests of unit holders.

Where a scheme is to be wound up, the trustees shall give notice within one day, disclosing the circumstances leading to the winding up of the scheme,

- a) to SEBI; and
- b) in two daily newspapers having circulation all over India, a vernacular newspaper circulating at the place where the mutual fund is formed:

Provided that where a scheme is to be wound up On happening of any event, which in the opinion of the Trustee, requires the scheme concerned to be wound up, the trustees shall obtain consent of the unit holders participating in the voting by simple majority on the basis of one vote per unit and publish the results of voting within forty five days from the publication of notice as mentioned

Provided further that in case the trustees fail to obtain the required consent of the unitholders, the schemes shall be reopened for business activities from the second business day after publication of results of the voting.

Effect of winding up: On and from the date of the publication of notice as specified above, the Trustee or the AMC as the case may be, shall—

- a) cease to carry on any business activities in respect of the scheme so wound up;
- b) cease to create or cancel units in the scheme; and
- c) cease to issue or redeem units in the scheme.

Procedure and manner of Winding up:

1. The Trustee shall call a meeting of the unitholders to approve by simple majority of the unitholders present and voting at the meeting resolution for authorising the trustees or any other person to take steps for winding up of the scheme. Provided that a meeting of the unitholders shall not be necessary if the scheme is wound up at the end of maturity period of the scheme.

2. The Trustee or the person authorised under clause 1 above shall dispose of the assets of the scheme concerned in the best interest of the unitholders of that scheme.
3. The proceeds of sale realised under clause 2, shall be first utilised towards discharge of such liabilities as are due and payable under the scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the unitholders in proportion to their respective interest in the assets of the scheme as on the date when the decision for winding up was taken.
4. On the completion of the winding up, the Trustee shall forward to SEBI and the unitholders a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the fund before winding up, expenses of the fund for winding up, net assets available for distribution to the unit holders and a certificate from the auditors of the fund.
5. The provisions of these regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until winding up is completed or the scheme ceases to exist.
6. After the receipt of the report under clause 4, if SEBI is satisfied that all measures for winding up of the scheme have been complied with, the scheme shall cease to exist.

17) Refund of excess amounts: In case any excess amount(s) is paid to any investor(s)/Unitholder(s) by Capitalmind AMC whether on account of redemption of units, or any other account (and, in case of payments by cheque, whether encashed or not), whatsoever, then Capitalmind AMC may seek refund of such excess amount(s) from such investor(s)/Unitholder(s). In case, such investor(s)/Unitholder(s) fail to refund such excess amount(s) within the specified period then Capitalmind AMC, in addition to its rights as may be available to it under the law, shall also have the right to debit/set off/adjust, either in full or in part, such excess amount(s) together with interest thereon at the rate of 15% p.a. from the amount(s), if any, payable, whether presently or in future, by Capitalmind AMC to such investor(s)/Unitholder(s) under any Scheme of Capitalmind MF in the same Folio or any other Folio of such investor(s)/Unitholder(s).

18) Disclosure of Investors' Information to Service Providers and Intermediaries

The investors may note that the Mutual Fund or AMC needs to use the services of intermediaries such as post office, local and international couriers, banks and other intermediaries for correspondence with the investor and for making payments to the

investor by cheques, drafts, warrants, electronic mode, etc. The AMC may share investors' personal information with the following third parties:

1. Registrar, banks and / or authorised external third-party service providers who are involved in transaction processing, dispatches, etc., of investors' investment in the scheme;
2. Distributors or sub-brokers through whom applications of investors are received; or
3. Any other organisations for compliance with any legal or regulatory requirements or to verify the identity of investors for complying with antimoney laundering laws.

The investor expressly agrees and authorises the Mutual Fund or AMC or their intermediaries to correspond with the investor or make payments through intermediaries including but not limited to post office, local and international couriers, and banks. The investor clearly understands that the Mutual Fund or AMC uses such intermediaries for convenience of the investor and such intermediaries are agents of the investor and not the Mutual Fund or AMC.

19) Website

The website of the Mutual Fund/AMC is intended solely for the use of resident Indians, non-resident Indians, persons of Indian origin and foreign institutional investors / foreign portfolio investors registered with SEBI. It should not be regarded as a solicitation for business in any jurisdiction other than India. In particular, the information is not for distribution and does not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction where such activity is prohibited. Any persons resident outside India, who nevertheless intend to respond to this material must first satisfy themselves that they are not subject to any local requirements, which restrict or prohibit them from doing so. Information other than that relating specifically to the AMC/ the Mutual Fund and its products is for information purposes only and should not be relied upon as a basis for investment decisions. The AMC cannot be responsible for any information contained in any website linked from the Mutual Fund's website.

The AMC makes no representations whatsoever about any such website which the user may access through the said website. A link to another website does not mean that the AMC endorses or accepts any responsibility for the content, or the use, of such website. It is the responsibility of the user to take precautions to ensure that whatever is selected for use is free of such items as viruses and other items of a destructive nature. The investors are requested to read the terms and conditions given on the said website carefully before using the said website. By using the said website, the investor will be deemed to have agreed that the terms and conditions specified apply to the use of the investor of the said

website, any information obtained from the site, and our products and services. If the investor does not agree to the specified terms, the investor may not use the said website or download any content from it.

20) Powers To Make Rules

The Mutual Fund/AMC may from time to time prescribe such forms and make such rules for the purpose of giving effect to the provisions of the Scheme, and add to, alter or amend all or any of the forms and rules that may be framed from time to time in the interest of the Investors.

C. General Information

1) Inter-scheme transfer of investments:

Transfers of investments from one scheme to another scheme of the same Mutual Fund shall be allowed only if:

- a) such transfers are done at the prevailing market price (essentially fair valuation price) for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a stock exchange for the spot transaction); and transfers of unquoted instruments will be made at fair valuation price. Inter-scheme transfer of all debt and money market securities are done as per the Price provided by valuation agencies (currently CRISIL / ICRA) for the said purpose, and as per the policy laid down by the Trustee from time to time; and
- b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
- c) With respect to Inter-scheme transfers, it has been decided that:
 - (i) AMCs shall seek prices for IST of any money market or debt security (irrespective of maturity), from the valuation agencies
 - (ii) AMFI, in consultation with valuation agencies shall decide a turn-around-time (TAT), within which IST prices shall be provided by the agencies.
 - (iii) If prices from the valuation agencies are received within the pre-agreed TAT, an average of the prices so received shall be used for IST pricing.
 - (iv) If price from only one valuation agency is received within the agreed TAT, that price may be used for IST pricing.
 - (v) If prices are not received from any of the valuation agencies within the agreed TAT, AMCs may determine the price for the IST, in accordance with Clause 3 (a) of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996.

2) Aggregate investment in the scheme under the following categories:

In accordance with Paragraph on 'Scheme Related Disclosures' of SEBI Master Circular, the aggregate investment in the respective Scheme(s) by Board of Directors of the AMC and key personnel needs to be disclosed. Since the AMC is yet to start the operation, the below disclosure to be read as 'Not Applicable'.

Scheme Name	Aggregate amount invested in the Scheme as on, (market value in INR.		
	AMC's Board of Director	Key personnel (excluding Fund Manager)	Fund Manager
Not Applicable	Not Applicable	Not Applicable	Not Applicable

3) Dematerialisation and Rematerialisation Procedures

a. How to apply for / get allotment of units in Demat mode

The investors who intend to deal in depository mode (Demat mode) are required to have a demat account with Central Depository Services (India) Ltd ("CDSL") / National Securities Depository Ltd. ("NSDL"). The investors who subscribe for units through Exchange (BSE / NSE) and wish to have units in Dematerialised form, are required to place an order for purchase of units with the AMFI certified distributor or SEBI registered investment advisors. The investor should provide their depository account details to AMFI certified distributor or SEBI registered investment advisors. The purchase order will be entered in the Stock Exchange system by AMFI certified distributor or SEBI registered investment advisors & an order confirmation slip will be issued to investor. The investor will transfer the funds to the clearing corporation. For purchases through other modes, depository account details to be mentioned in the transactions if the units are required in Demat mode. Such units, post allotment, will be credited to the mentioned depository account post validation

Investors holding units of Scheme in physical form (Statement of Account), may convert them easily in demat form through Depository Participants (DP). The procedure for converting mutual funds units held in Physical form into demat form is as below:

- Obtain Conversion Request Form (CRF) from your DP.
- Fill-up the CRF and sign it (as per the signature available in the application). In case of joint holders, all holders should sign the form.

- The holding pattern in DP (as per Client master list) should match with Physical form (SOA).
- Submit the CRF along-with the Statement of Account to your DP.
- After due verification, the DP would send the CRF to AMC / Registrar and Transfer Agent (RTA).
- Post verification, the RTA will confirm the conversion request raised by the DP and the mutual fund units will be credited in your demat

b. How to convert the units held in SoA mode to Demat mode:

Investors desiring to convert the physical units (SoA mode) into dematerialized form, need to submit the dematerialized request along with their latest account statement with their Depository Participant.

c. How to convert the units held in Demat mode to Remat mode:

- Re-materialisation is the process of converting units from demat mode to physical mode i.e., Statement of Account mode. To re-materialise mutual fund units, submit the following documents as mentioned below:
- Investors need to approach their respective DP and submit the duly filled and signed Remat Request Form for each ISIN, fund, or folio.
- Upon verification of such request, the DP shall forward these documents to the respective AMC/RTA for further processing.
- Post verification, the AMC / RTA will confirm the status of conversion request executed by DP and the mutual fund units are extinguished from the Investor's demat account. These Demat units are then converted into Physical (i.e., Statement of Account).

d. How to redeem the units held in Demat mode:

- Unitholders of mutual fund units held in demat form can redeem the units through Depository or stockbroker/distributor through exchange platforms i.e. BSE (BSE STAR MF Platform) and NSE (Mutual Fund Service System (MFSS))
- The Investor would be required to submit all requisite information/documents as requested by the Depository or stockbroker.
- After receipt of such redemption request from the respective source, AMC/RTA will process the redemption request post due validations.

- If investor wishes to place redemption through mutual fund, demat units must be converted to physical form (following the Demat to Remat process). Post conversion investor may place redemption request with AMC.

e. Is switch-transaction permissible if the units are held in Demat:

Investors who intend to switch their demat units (Switch-in and switch-out transactions), need to submit the request through Stock Exchange platforms. The mechanism is same equivalent to redemption and subscription. Post processing of switch-out (redemption), switch-in (subscription) is processed and equivalent units are settled to clearing house for on-ward credit to the investor's DP account.

f. The procedure for change in investor's profile / bank account details etc. in respect of units held in demat mode (i.e., To whom the investor is required to approach, in case of such requests):

In case of non-financial requests/ applications such as change of investor's profile, address, bank details, complaints etc. investors should approach their respective Depository Participant(s) if units are held in demat mode.

4) Additional Mode of Payment through Applications Supported by Blocked Amount (ASBA) (Only during NFO period):

In accordance with the Master Circular, ASBA facility shall be provided to investors as a supplementary facility in addition to existing facility through cheques or any other mode of electronic payment for subscribing to the units of scheme(s) during the New Fund Offer period. Please note that ASBA facility is purely optional and not mandatory.

- ASBA is an application containing an authorization given by the Investor to block application money in his specified bank account towards the subscription of Units offered during the NFO of the Scheme.
- If an investor is applying through ASBA facility, the application money towards the subscription of Units shall be debited from his specified bank account only if his/her application is selected for allotment of Units.
- To avail of the ASBA Facility, an investor must be holding a Bank account with Self Certified Syndicate Bank (SCSB). SCSB means a banker to an issue registered with the SEBI, which offers the facility of ASBA.
- ASBA applications can be accepted only by SCSBs at their designated branches, whose names appear on the list of SCSBs displayed in SEBI's website.

- The SCSB shall then block the application money in the bank account specified in the ASBA, on the basis of an authorization to this effect given by the account holder in the ASBA.
- The application money shall remain blocked in the bank account till the allotment of the issue or till withdrawal/rejection of the application, as the case may be.
- ASBA facility will be available to all the category of investors mentioned under “Who can invest” section of the respective SID.
- An investor, who is eligible for ASBA facility, has the option of making application through ASBA or through the existing facility of applying with cheque as mentioned in the SID.
- Investors should note that ASBA facility shall be made available to investors only for subscribing to the units of scheme during the New Fund Offer period.

Benefits of Applying through ASBA facility:

- Writing cheques and demand drafts is not required, as investor needs to submit ASBA application Form accompanying an authorization to block the account to the extent of application money towards subscription of Units. The balance money, if any, in the account can be used for other purposes by the investors.
- Release/Unblocking of blocked funds after allotment is done instantaneously.
- Unlike other modes of payment, ASBA facility prevents the loss of interest income on the
- application money towards subscription of Units as it remains in the bank account of the investor till the allotment is made.
- Refunds of money to the investors do not arise as the application money towards subscription of Units gets blocked only on the allotment of Units.
- The investor deals with the known intermediary i.e. his/her own bank.
- The application form is simpler as the application form for ASBA will be different from the NFO application form

ASBA Procedure

- (i) An Investor intending to subscribe to the Units of the NFO through ASBA, shall submit a duly completed ASBA Application Form to a Self-Certified Syndicate Bank (SCSB), with whom his/her bank account is maintained

Note: Self Certified Syndicate Bank (SCSB): Self Certified Syndicate Bank (SCSB) means a bank registered with SEBI to offer the facility of applying through the ASBA process. ASBAs

can be accepted only by SCSBs, whose name appears in the list of SCSBs as displayed by SEBI on its website at www.sebi.gov.in.

(ii) The ASBA Application Form towards the subscription of Units can be submitted through one of the following Modes:

(1) Submit the form physically with the Designated Branches (DBs) of the SCSB ("Physical ASBA"); Note: Designated Branches (DBs) of the SCSB: Designated Branches (DBs) of the SCSBs are the branches of the SCSBs which shall collect the ASBA Application form duly filled by the Investors towards the subscription to the Units of the Scheme offered during the NFO.

or

(2) Submit the form electronically through the internet banking facility offered by the SCSB ("Electronic ASBA").

(iii) An acknowledgement will be given by the SCSB in the form of the counter foil or specifying the application number for reference. Such acknowledgement does not guarantee, in any manner that the investors will be allotted the Units applied for.

Note: if the bank account specified in the ASBA Application Form does not have sufficient credit balance to meet the application money towards the subscription of Units, the Bank shall reject the ASBA application form.

(iv) On acceptance of Physical or Electronic ASBA, the SCSB shall block funds available in the bank account specified to the extent of the application money specified in the ASBA Application Form.

(v) The application money towards the Subscription of Units shall be blocked in the account until (i) Allotment of Units is made or (ii) Rejection of the application or (iii) Winding up of the Scheme, as the case may be.

(vi) SCSBs shall unblock the bank accounts for (i) Transfer of requisite money to the Mutual Fund / Scheme bank account against each valid application on allotment or (ii) in case the application is rejected.

(vii) The list of SCSBs and their DBs where ASBA application form can be submitted is available on the websites of BSE (www.bseindia.com), NSE (www.nseindia.com) and SEBI (www.sebi.gov.in) and shall also be given in the ASBA application form.

Note: No request for withdrawal of ASBA application form made during the NFO Period will be allowed.

Grounds for Technical Rejections of ASBA application forms

ASBA Application Forms can be rejected, at the discretion of Registrar and Transfer Agent of the Mutual Fund or SCSBs including but not limited on the following grounds:-

- Applications by persons not competent to contract under the Indian Contract Act, 1872,
- including but not limited to minors, insane persons etc.
- Mode of ASBA i.e. either Physical ASBA or Electronic ASBA, not selected or ticked.
- ASBA Application Form without the stamp of the SCSB.
- Application by any person outside India if not in compliance with applicable foreign and Indian laws.
- Bank account details not given/incorrect details given.
- Duly certified Power of Attorney, if applicable, not submitted along with the ASBA application form.
- No corresponding records available with the Depositories matching the parameters namely
 - Names of the ASBA applicants (including the order of names of joint holders)
 - DP ID
 - Beneficiary account number or any other relevant details pertaining to the Depository Account.

5) Portfolio Turnover Details

For open-ended scheme, it is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. There may be an increase in transaction cost such as brokerage paid, if trading is done frequently. Frequent trading may increase the profits which will offset the increase in costs. The fund manager will endeavor to optimize portfolio turnover to maximize gains and minimize risks keeping in mind the cost associated with it. However, it is difficult to estimate with reasonable accuracy, the likely turnover in the portfolio of the Scheme. The Schemes has no specific target relating to portfolio turnover.

The AMC's portfolio management style is conducive to a low portfolio turnover rate. However, the AMC will aim to take advantage of the opportunities that present themselves from time to time because of the inefficiencies in the securities markets. The AMC will endeavour to

balance the increased cost on account of higher portfolio turnover with the benefits derived there from.

D. Associate Transactions

Investment in Group Companies or companies lead managed by the Sponsor or any of its associates:

Since this is the first scheme to be launched by The AMC, the disclosures under this section is not applicable. Investments, if any made in the group or associate companies of the AMC or Sponsor, shall be made as per the investment policy.

The following disclosures, summarizing historical information pertaining to the last three fiscal years of the schemes of the Mutual Fund under the management of the AMC, reflecting associate transactions and the manner in which such transactions affected the performance of schemes of the Mutual Fund, are required. These disclosures would ordinarily include any underwriting obligations undertaken by the schemes of the Mutual Fund with respect to issues of associate companies, devolvement, if any, of such commitments, subscription by the schemes in issues lead managed by associate companies, total business given to associate brokers and the percentage of brokerage commission paid to them, and any distribution of units performed by associate companies.

However, as the AMC has not yet launched any schemes of the Mutual Fund, the above disclosures are not applicable at present.

Investments, if any made in the group or associate companies of the AMC or Sponsor, shall be made as per the investment policy. As the AMC is yet to launch the first schemes there are no schemes of the mutual fund has invested more than 25% of its net assets in group companies

Mutual fund does not propose to have dealings, transactions and services for marketing and distribution of the schemes with associates of the sponsor or the AMC and accordingly there will be no commissions that may be paid to them

Utilization of services of the Associates: The AMC, on behalf of the Mutual Fund, may utilise the services of Sponsors, group companies and any other subsidiary or associate company of the Sponsors established or to be established at a later date, in case such a company (including their employees or relatives) is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arms-length basis and at a mutually agreed terms and conditions to the extent and limits permitted under the SEBI Regulations. Appropriate disclosures, wherever required, shall be made by the AMC.

Conflict of interest: The Trustee Company, the AMC, the Custodian, the Registrar, any Associate, any Distributor, Dealer, other companies within the Capitalmind group, etc. may from time to time act (individually and / or jointly) as manager, custodian, registrar, administrator, investment adviser, distributor or dealer or agent or marketing associate, respectively in relation to, or be otherwise involved in, other Schemes / Mutual Funds / Activities (in the same or different capacity) (to the extent permitted under various relevant Regulations), which may have similar investment objectives to those of the Scheme/ Mutual Fund. The AMC, may for example, make investments for other permitted business activities or on its own behalf without making the same available to the Scheme / Mutual Fund. The AMC/Trustee Company will, at all times, have regard in such event to its obligations to act in the best interests of the Scheme / Mutual Fund so far as is practicable, having regard to its obligations to other permitted business activities and will ensure that such transactions are conducted with / by the Scheme / Mutual Fund purely on commercial terms / on an arm's length basis as principal to principal.

E. Documents available for inspection

The following documents will be available for inspection at the office of the Mutual Fund at #2323, 1st Floor, "Prakash Arcade", 17th Cross, 27th Main, HSR Layout Sector 1, Bengaluru – 560102, India, during business hours on Business Days (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Consent of Legal Advisors to act in the said capacity if any
- SEBI (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

F. Investor Grievance Redressal Mechanism

Investors can lodge any service request or complaints or enquire about NAVs, Unit Holdings, Valuation, IDCW, etc by calling the investor line of the Registrar and Transfer Agent at .1-800-570-5001(toll-free number) from 9.00 am to 6.00 pm (Monday to Friday) or email – support@capitalmindmf.com. The service representatives may require personal information of the investor for verification of his / her identity in order to protect confidentiality of information. The AMC will at all times endeavour to handle transactions efficiently and to resolve any investor grievances promptly.

For any grievances with respect to transactions through BSE StAR and / or NSE MFSS, the investors / Unit Holders should approach either the stockbroker or the investor grievance cell of the respective stock exchange.

Contact details for complaint resolution:

Mr. Nihit Kshatriya

Investor Relations Officer

Tel No: .1-800-570-5001

Email: support@capitalmindmf.com

Investors can also raise any complaints or grievances on “SCORES Platform” of SEBI at <https://scores.gov.in/scores/Welcome.html> or on “Online Dispute Resolution Portal” (ODR) at <https://smartodr.in/login>

The investors' complaints history for the last three fiscal years of existing schemes and the redressal mechanism thereof is **Not Applicable** for the AMC since this is the first scheme to be launched by the company.

SCORES

SCORES is an online grievance redressal facilitation platform provided by SEBI. Complainants can lodge grievances pertaining to securities market against SEBI regulated entities like listed companies, Registered Intermediaries and Market Infrastructure Institutions. Investors shall first take up their grievances for redressal with the entity concerned, through their designated persons/officials who handle issues relating to compliance and redressal of investor grievances. Investors can also register their complaint/grievances on the SCORES portal at <https://scores.sebi.gov.in> , which is developed by SEBI through their web portal.

How SCORES works:

- Register on Scores- Fetch details from KYC Registration Agency or fill the Registration Form
- Lodge Complaint- Select appropriate category of complaint, Nature of Complaint and Name of the SEBI regulated Entity (i.e. Listed Company/ Registered Intermediaries/ Market Infrastructure Institutions)
- Track Status-Track the status of complaint. Please note that automatic reminders are sent to entities for timely resolution of complaint.

- **Seek Review-** Two level review system- Seek Review of your complaint within 15 days from date of receipt of ATR from the Entity for First Level Review and 15 days of receipt from Designated Body for Second Level Review.

Online Dispute Resolution (ODR)

In accordance with SEBI Master Circular with respect to Online Resolution of Disputes in the Indian Securities Market, a common Online Dispute Resolution (“ODR”) Portal has been launched in order to harness online conciliation and online arbitration for resolution of disputes arising in the Indian Securities Market. The said Master Circular along with the link to the ODR Portal viz. <https://www.smartodr.in> has been displayed on our website <https://capitalmindmf.com> for the convenience of unitholders/ investors.

G. Information Pertaining to Investment by Schemes of Fund

1) Derivative Strategies

Investments in Derivatives shall be in accordance with the guidelines as stated under Para 7.5, 7.6 and 12.25 of the Master Circular as may be amended from time to time. Derivatives instruments may take the form of Futures, Options, Swaps or any other instrument, as may be permitted from time to time.

The Margin for derivatives transactions may be placed in the form of such securities / instruments / deposits as may be permitted / eligible to be placed as margin from the assets of the Scheme. The securities/instruments/deposits so placed as margin shall be classified under the applicable category of assets for the purposes of asset allocation.

Investment in Derivatives As part of the Fund Management process, the schemes, may use derivative instruments such as index futures and options, stock futures and options contracts, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with the investment objectives of the Scheme.

- (A) **Equity Derivatives** The Scheme(s) may use various equity derivatives from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance unitholder's interest.

Illustration of some derivative transactions:

(i) Index Futures:

Benefits:

- a) Investment in Stock Index Futures can give exposure to the index without directly buying the individual stocks. Appreciation in Index stocks can be effectively captured through investment in Stock Index Futures.
- b) The scheme can sell futures to hedge against market movements effectively without actually selling the stocks it holds.

The Stock Index futures are instruments designed to give exposure to the equity market indices. BSE Limited and National Stock Exchange of India Limited have started trading in index futures of 1, 2 and 3-month maturities. The pricing of an index future is the function of the underlying index and interest rates.

Example (For illustration purpose only)

Spot Index: 1070

1 month Nifty Future Price on day 1: 1075

Scheme buys 1000 lots

Each lot has a nominal value equivalent to 200 units of the underlying index

Let us say that on the date of settlement, the future price = Closing spot price = 1085

Profits for the Scheme = $(1085 - 1075) \times 1000 \text{ lots} \times 200 = \text{INR } 20,00,000$

The net impact for the Scheme will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity). Thus, it is clear from the example that the profit or loss for the scheme will be the difference of the closing price (which can be higher or lower than the purchase price) and the purchase price. The risks associated with index futures are similar to the one with equity investments. Additional risks could be on account of illiquidity and hence mispricing of the future at the time of purchase.

Basic Structure of a Stock & Index Future

Example using hypothetical figure (For illustration purpose only)

1 month NIFTY 50 Index Future

Say, Fund buys 10,000 futures contracts; each contract value is 50 times futures index price

Purchase Date: December 27, 2024

Spot Index: 6036.25

Future Price: 6081.90

Say, Date of Expiry: January 25, 2025

Say, Margin: 20%

Assuming the exchange imposes total margin of 20%, the Investment Manager will be required to provide total margin of INR 60.81 Cr (i.e. $20\% \times 6081.90 \times 10000 \times 50$) through eligible securities and cash.

Date of Expiry: Assuming on the date of expiry, i.e. Jan 25, 2025, Nifty 50 Index closes at 6100, the net impact will be a profit of Rs 90,50,000 for the fund i.e. $(6100 - 6081.90) \times 10000 \times 50$

Futures price = Closing spot price = 6100.00

Profits for the Fund = $(6100 - 6081.90) \times 10000 \times 50 = \text{INR } 90,50,000$

The net impact for the Scheme will be in terms of the difference of the closing price of the index and cost price. Thus, it is clear from the example that the profit or loss for the Scheme will be the difference of the closing price (which can be higher or lower than the purchase price) and the purchase price. The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures.

(ii) Buying options:

Benefits of buying a call option: Buying a call option on a stock or index gives the owner the right, but not the obligation, to buy the underlying stock / index at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

Example (for illustration purpose only)

For example, if the Scheme buys a one month call option on ABC Limited at a strike of INR. 100, the current market price being say INR.101. The scheme will have to pay a premium of say INR. 10 to buy this call. If the stock price goes below INR. 100 during the tenure of the call, the scheme avoids the loss it would have incurred had it straightaway bought the stock instead of the call option. The scheme gives up the premium of INR. 10 that has to be paid in order to protect the fund from this probable downside. If the stock goes above INR 100, it can exercise its right and own ABC Limited at a cost price of INR 100, thereby participating in the upside of the stock.

Benefits of buying a put option: Buying a put option on a stock originally held by the buyer gives him/her the right, but not the obligation, to sell the underlying stock at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

Example (for illustration purpose only)

For example, if the scheme owns XYZ Limited and also buys a three month put option on XYZ Limited at a strike of INR 100, the current market price being say INR 101. The scheme

will have to pay a premium of say INR 8 to buy this put. If the stock price goes below INR 100 during the tenure of the put, the scheme can still exercise the put and sell the stock at INR 100, avoiding therefore any downside on the stock below INR 100. The scheme gives up the fixed premium of INR 8 that has to be paid in order to protect the scheme from this probable downside. If the stock goes above INR 100, say to INR 120, it will not exercise its option. The scheme will participate in the upside of the stock, since it can now sell the stock at the prevailing market price of INR 120.

Basic Structure of an Equity Option: An option gives a buyer the right but does not cast the obligation to buy or sell the underlying. An option is a contract between two parties wherein the buyer receives a privilege for which he pays a fee (premium) and the seller accepts an obligation for which he receives a fee. The premium is the price negotiated and set when the option is bought or sold. A person who buys an option is said to be long in the option. A person who sells (or writes) an option is said to be short in the option.

Example on Index Options (For illustration purpose only):

Market type: N

Instrument Type: OPTIDX

Underlying: Nifty Purchase date: Dec 27, 2024

Expiry date: January 25, 2025

Option Type: Put Option (Purchased)

Strike Price: INR 6,000.00

Spot Price: INR 6,036.00

Premium: INR 84.00

Lot Size: 50

No. of Contracts: 1000

Say, the Scheme purchases on December 27, 2024, 1 month Put Options on Nifty on the NSE i.e. put options on 50,000 shares (1000 contracts of 50 shares each) of Nifty

Date of Exercise: As these are European style options, they can be exercised only on the exercise date i.e. January 25, 2023. If the share price of Nifty falls to INR5,500 on expiry day, the net impact will be as follows:

Premium expense = $\text{INR}84 \times 1000 \times 50$ INR 42,00,000

Option Exercised at = INR 5,500

Profits for the Fund = $(6000.00 - 5,500.00) \times 1000 \times 50$ = INR 2,50,00,000

Net Profit = INR 2,50,00,000 – INR 42,00,000 = INR 2,08,00,000

In the above example, the Investment Manager hedged the market risk on 50,000 shares of Nifty Index by purchasing Put Options.

The premium paid for the option is treated as an expense. Additional risks could be on account of illiquidity and potential mis-pricing of the options.

The Scheme will use derivatives instruments for the purpose hedging or portfolio rebalancing or for any other stock and / or index derivative strategies as allowed under the SEBI regulations.

Example of Hedging using Index Futures (for illustration purposes)

The Scheme holds stock at current market price of INR 100. To hedge the exposure, the scheme will sell index futures for INR 100.

The stock will make a gain or a loss subject to its relative out-performance or underperformance of the markets.

Stock A falls by 10% and market index also falls by 10%.

Profit/(Loss) on stock A will be = (INR 10)

Profit/(Loss) on Short Nifty futures = INR 10

Net Profit/(loss) = Nil

Therefore, hedging allows the scheme to protect against market falls.

Please note that the above examples are only for illustration purposes.

(iii) Index Arbitrage

As the Nifty 50 Index derives its value from fifty underlying stocks, the underlying stocks can be used to create a synthetic index matching the Nifty Index levels. Also, theoretically, the fair value of a stock/ index futures is equal to the spot price plus the cost of carry i.e. the interest rate prevailing for an equivalent credit risk, in this case is the Clearing Corporation of the NSE.

Therefore, the pricing of Nifty Index futures should be equal to the pricing of the synthetic index created by futures on the underlying stocks. However, due to market imperfections, the index futures may not exactly correspond to the synthetic index futures.

The Nifty Index futures normally trades at a discount to the synthetic Index due to large volumes of stock hedging being done using the Nifty Index futures giving rise to arbitrage opportunities.

The fund manager shall aim to capture such arbitrage opportunities by taking long positions in the Nifty Index futures and short positions in the synthetic index. The strategy is attractive if this price differential (post all costs) is higher than the investor's cost-of-capital.

Objective of the Strategy: The objective of the strategy is to lock-in the arbitrage gains.

Risks Associated with this Strategy

- Lack of opportunity available in the market.
- The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices

Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place.

(iv) Cash Futures Arbitrage: (Only one way as funds are not allowed to short in the cash market)

The Scheme(s) would look for market opportunities between the spot and the futures market. The cash futures arbitrage strategy can be employed when the price of the futures exceeds the price of the underlying stock.

The Scheme(s) will first buy the stocks in cash market and then sell in the futures market to lock the spread known as arbitrage return.

Buying the stock in cash market and selling the futures results into a hedge where the Scheme has locked in a spread and is not affected by the price movement of cash market and futures market. The arbitrage position can be continued till expiry of the future contracts. The future contracts are settled based on the last half an hour's weighted average trade of the cash market. Thus, there is a convergence between the cash market and the futures market on expiry. This convergence helps the scheme to generate the arbitrage return locked in earlier. However, the position could even be closed earlier in case the price differential is realized before expiry or better opportunities are available in other stocks. The strategy is attractive if this price differential (post all costs) is higher than the investor's cost-of-capital.

Objective of the Strategy: The objective of the strategy is to lock-in the arbitrage gains.

Risk Associated with this Strategy: Lack of opportunity available in the market The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place

(v) Hedging and alpha strategy

The Scheme(s) will use exchange-traded derivatives to hedge the equity portfolio. The hedging could be either partial or complete depending upon the fund manager's perception of the markets. The fund manager shall either use index futures and options or stock futures and options to hedge the stocks in the portfolio. The Scheme will seek to generate alpha by superior stock selection and removing market risks by selling appropriate index. For example, one can seek to generate positive alpha by buying an IT stock and selling Nifty IT Index future or a bank stock and selling Bank Index futures or buying a stock and selling the Nifty Index.

Objective of the Strategy: The objective of the strategy is to generate alpha by superior stock selection and removing market risks by hedging with appropriate index

Risk Associated with this Strategy: The stock selection under this strategy may underperform the market and generate a negative alpha. The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place.

(vi) Covered Call Strategy

A call option gives the holder (buyer) the right but not the obligation to buy an asset by a certain date for a certain price. The covered call is a strategy in which a seller sells a call option on a stock he owns.

Benefits of using Covered Call strategy in Mutual Funds: The covered call strategy can be followed by the Fund Manager in order to hedge risk thereby resulting in better risk adjusted returns of the scheme. The strategy offers the following benefits:

- a) Hedge against market risk – Since the fund manager sells a call option on a stock already owned by the mutual fund scheme, the downside from fall in the stock price would be lower to the extent of the premium earned from the call option.
- b) Generating additional returns in the form of option premium in a range bound market.

Thus, a covered call strategy involves gains for unit holders in case the strategy plays out in the right direction.

Mutual Fund schemes (except Index Funds and ETFs) may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:

- i. The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme.
- ii. The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.
- iii. At all points of time the Mutual Fund scheme shall comply with the provisions at paragraph i and ii above. In case of any passive breach of the requirement at paragraph i, the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme.
- iv. In case a Mutual Fund scheme needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with paragraphs 4 (a) and 4 (b) above while selling the securities.
- v. In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts.
- vi. The premium received shall be within the requirements prescribed in terms of paragraph 5 of SEBI circular dated August 18, 2010 i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the scheme.
- vii. The exposure on account of the call option written under the covered call strategy shall not be considered as exposure in terms of paragraph 3 of SEBI Circular no. Cir/IMD/DF/11/2010, dated August 18, 2010.
- viii. The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the respective scheme(s) until the position is closed or expired.

As and when SEBI notifies amended limits in position limits for exchange traded derivative contracts in future, the aforesaid position limits, to the extent relevant, shall be read as if they were substituted with the SEBI amended limits.

Risk factors of Covered Call Strategy

- Writing call options are highly specialized activities and entail higher than ordinary investment risks. In such investment strategy, the profits from call option writing is capped at the option premium, however the downside depends upon the increase in value of the underlying equity shares.
- The Scheme may write covered call option only in case it has adequate number of underlying equity shares as per regulatory requirement. This would lead to setting aside a portion of investment in underlying equity shares. If covered call options are sold to the maximum extent allowed by regulatory authority, the scheme may not be able to sell the underlying equity shares immediately if the view changes to sell and exit the stock. The covered call options need to be unwound before the stock positions can be liquidated. This may lead to a loss of opportunity or can cause exit issues if the strike price at which the call option contracts have been written become illiquid. Hence, the scheme may not be able to sell the underlying equity shares, which can lead to temporary illiquidity of the underlying equity shares and result in loss of opportunity.
- The writing of covered call option would lead to loss of opportunity due to appreciation in value of the underlying equity shares. Hence, when the appreciation in equity share price is more than the option premium received the scheme would be at a loss.
- The total gross exposure related to option premium paid and received must not exceed the regulatory limits of the net assets of the scheme. This may restrict the ability of Scheme to buy any options.

Illustration – Covered Call strategy using stock call options:

Suppose a fund manager buys equity stock of ABC Ltd. For INR 1000 and simultaneously sells a call option on the same stock at a strike price of INR 1100. The scheme earns a premium of say, INR 50. Here, the fund manager does not think that the stock price will exceed INR 1100.

Scenario 1: Stock price exceeds INR 1100

The call option will get exercised and the fund manager will sell the stock to settle his obligation on the call at INR 1100 (earning a return of 10% on the stock purchase price). Also, the scheme has earned a premium of INR 50. Net Gain – $\text{INR 1100 (strike price)} - \text{INR 1000 (stock purchase price)} + \text{INR 50 (premium earned)} = \text{INR 150}$

Scenario 2: Stock prices stays below INR 1100

The call option will not get exercised and will expire worthless. The premium earned on call option will generate alpha for the scheme. Net Gain – $\text{INR 50 (premium earned)}$.

(vii) Other Derivative Strategies

As allowed under the SEBI guidelines on derivatives, the fund manager will employ various other stock and index derivative strategies by buying or selling stock/index futures and/or options.

Objective of the Strategy: The objective of the strategy is to earn low volatility consistent returns.

Risk Associated with this Strategy: The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices

Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place.

- (B) **Debt Derivatives:** The Scheme(s) may use derivatives instruments like Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose that may be permitted by the Regulations from time to time.

Advantages of Derivatives: Derivatives provide unique flexibility to the Scheme to hedge part of their portfolio. Some of the advantages of specific derivatives are as under:

(i) Interest Rate Swaps and Forward rate Agreements

Bond markets in India are not very liquid. Investors run the risk of illiquidity in such markets. Investing for short-term periods for liquidity purposes has its own risks. Investors can benefit if the Scheme remains in call market for the liquidity and at the same time take advantage of fixed rates by entering into a swap. It adds certainty to the returns without sacrificing liquidity.

Interest rate swap is a strategy in which one party exchanges a stream of interest for another party's stream. Interest rate swaps are normally 'fixed against floating' but can also be 'fixed against fixed' or 'floating against floating' rate swaps. Interest rate swaps will be used to take advantage of interest rate fluctuations, by swapping fixed-rate obligations for floating rate obligations or swapping floating rate obligations to fixed-rate obligations.

The following is an example how derivatives work (For illustration purpose only)

Basic Details: Fixed to floating swap

Notional Amount: INR 10 Crores

Benchmark: NSE MIBOR

Deal Tenor: 3 months (say 91 days)

Documentation: International Swaps and Derivatives Association (ISDA).

Let us assume the fixed rate decided was 10%

At the end of three months, the following exchange will take place:

Counter party A pays: compounded call rate for three months, say 9.90%

Counter party B pays fixed rate: 10%

In practice, however, the difference of the two amounts is settled. Counter party B will pay
 $\text{INR } 10 \text{ Crores} \times 0.10\% \times 91/365 = \text{INR } 24,931.5$

Thus, the trade off- for the Scheme will be the difference in call rate and the fixed rate payment and this can vary with the call rates in the market. Please note that the above example is given for illustration purposes only and the actual returns may vary depending on the terms of swap and market conditions.

Risk Factor: The risk arising out of uses of the above derivative strategy as under:

- Lack of opportunities available in the market.
- The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices

(ii) Interest Rate Futures:

IRF means a standardized interest rate derivative contract traded on a recognized stock exchange to buy or sell a notional security or any other interest bearing instrument or an index of such instruments or interest rates at a specified future date, at a price determined at the time of the contract. Hedging using interest rate futures could be perfect or imperfect, subject to applicable regulations. Currently, exchange traded Interest Rate Futures traded on exchange are standardized contracts based on 10-Year Government of India Security and 91 day Treasury bill. IRF contracts are cash settled. IRFs give an opportunity in the fixed income market to hedge interest rate risk or rebalance the portfolio by using them. By locking into a price, the IRF contract can help to eliminate the interest rate risk. Thus, in order to protect against a fall in the value of the portfolio due to falling bond prices, one can take short position in IRF contracts.

Example:

Date: May 01, 2024

Spot price of the Government Security: INR 105

Price of IRF- Jan contract: INR 105.5

On Jan 01, 2024, the Scheme buys 100 units of the Government security from the spot market at INR 105. Subsequently, it is anticipated that the interest rate will rise in the near future. Therefore to hedge the exposure in underlying Government security, Scheme sells May 2024 Interest Rate Futures contracts at INR 105.5.

On May 15, 2024 due to increase in interest rate:

Spot price of the Government Security: INR 104

Futures Price of IRF Contract: INR 104.2

Loss in underlying market will be $(105 - 104) \times 100 = (\text{INR } 100)$

Profit in the Futures market will be $(105.50 - 104.2) \times 100 = \text{INR } 130$

(iii) Interest Rate Futures (IRFs) (both perfectly and imperfectly hedged): To reduce interest rate risk in a debt portfolio, scheme may hedge the portfolio or part of the portfolio (including one or more securities) on weighted average modified duration basis by using Interest Rate Futures (IRFs). The maximum extent of short position that may be taken in IRFs to hedge interest rate risk of the portfolio or part of the portfolio, is as per the formula given below:

$$\frac{(\text{Portfolio Modified Duration} \times \text{Market Value of the Portfolio})}{\text{-----}}$$

$$(\text{Futures Modified Duration} \times \text{Futures price/PAR})$$

In case the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged, it would result in imperfect hedging.

Imperfect hedging using IRFs may be considered to be exempted from the gross exposure, upto maximum of 20% of the net assets of the scheme, subject to the following:

- a) Exposure to IRFs is created only for hedging the interest rate risk based on the weighted average modified duration of the bond portfolio or part of the portfolio.
- b) The scheme is permitted to resort to imperfect hedging, without it being considered under the gross exposure limits, if and only if, the correlation between the portfolio or part of the portfolio (excluding the hedged portions, if any) and the IRF is at least 0.9 at the time of initiation of hedge. In case of any subsequent deviation from the correlation criteria, the same may be rebalanced within 5 (five) Business days and if not rebalanced within the timeline, the derivative positions created for hedging shall be considered under the gross exposure computed in terms of Para 12.24.1 of the Master Circular. The correlation should be calculated for a period of last 90 days.

Explanation: If the fund manager intends to do imperfect hedging upto 15% of the portfolio using IRFs on weighted average modified duration basis, either of the following conditions need to be complied with:

- The correlation for past 90 days between the portfolio and the IRF is at least 0.9 or
- The correlation for past 90 days between the part of the portfolio (excluding the hedged portions, if any) i.e. at least 15% of the net asset of the scheme (including one or more securities) and the IRF is at least 0.9. At no point of time, the net modified duration of part of the portfolio being hedged should be negative.
- The portion of imperfect hedging in excess of 20% of the net assets of the scheme should be considered as creating exposure and shall be included in the computation of gross exposure in terms of Para 12.24.1 of the Master Circular. The basic characteristics of the scheme will not be affected by hedging the portfolio or part of the portfolio (including one or more securities) based on the weighted average modified duration. The interest rate hedging of the portfolio will be in the interest of the investors.

Hedging: Holders of the GOI securities are exposed to the risk of rising interest rates, which in turn results in the reduction in the value of their portfolio. So in order to protect against a fall in the value of their portfolio due to falling bond prices, they can take short position in IRF contracts.

Example: On May 17, 2024 buy 7.26 G sec 2033: INR 100.19 at the current market price of INR 100.19

Step 1 - Short the 31st May 2024 IRF futures contract at say price of INR 100.29 (assuming IRF trading at premium)

Step 2 – Earn the carry (running yield) of the 10 yr G sec of 7.23% from date of purchase till IRF expiry.

Step 3 – IRF and cash market price will converge on the maturity of the contract hence sell the bond on the maturity.

Under the strategy, the trader has earned a return of

Arbitrage = $(100.29 - 100.19) / 100.19 * 365 / 10 = 3.65\%$

Current yield of G sec = 7.23%

Arbitrage + current yield of G sec = 10.88 % (Holding period Arbitrage)

(Note: For simplicity accrued interest is not considered for calculation)

Assuming IRF is trading at premium the above trade will be done.

Imperfect Hedge

Assume the portfolio of market value worth INR 1000 crore has a modified duration of 5. This is being hedged with an IRF that has a modified duration of 10. Considering that fund manager choose to hedge 20% of the portfolio the maximum extent of short position that may be taken in IRF is as below:

(Portfolio Modified Duration*Market Value of the Portfolio)

(Futures Modified Duration* Futures price/PAR)

$$= (5*(0.2*1000)) / (10*(101/100)) = \text{INR } 99.01 \text{ Crores.}$$

Hence the scheme can sell IRFs worth INR 99.01 Crores and with duration of 10 to hedge INR 200 Crores of portfolio with a duration of 5.

(C) Limits of Investment in Derivative Instruments:

(i) Position limit for the Mutual Fund for stock based derivative contracts

a) Position limit for the Fund in index options contracts

- The Fund position limit in all index options contracts on a particular underlying index shall be INR 500 crore or 15% of the total open interest of the market in index options, whichever is higher per Stock Exchange.
- This limit would be applicable on open positions in all options contracts on a particular underlying index

b) Position limit for the Fund in index futures contracts:

- The Fund position limit in all index futures contracts on a particular underlying index shall be INR 500 crore or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.
- This limit would be applicable on open positions in all futures contracts on a particular underlying index

c) Additional Position limit for hedging:

In addition to the position limits at point (i) and (ii) above, Fund may take exposure in equity index derivatives subject to the following limits:

- Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Fund's holding of stocks.

- Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Fund's holding of cash, government securities, T-Bills and similar instruments.

d) Position limit for the Fund for stock based derivative contracts

The Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts:

- The combined futures and options limit shall be 20% of applicable Market Wide Position Limit (MWPL)
- The MWPL and client level position limits however would remain the same as prescribed

e) Position limit for the scheme

- The position limits for the Scheme and disclosure requirements are as follows– For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a Scheme of a Fund shall not exceed the higher of: 1% of the free float market capitalisation (in terms of number of shares) Or 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts)
- This position limit shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange
- For index based contracts, the Fund shall disclose the total open interest held by its Scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

As and when SEBI notifies amended limits in position limits for exchange traded derivative contracts in future, the aforesaid position limits, to the extent relevant, shall be read as if they were substituted with the SEBI amended limits

(ii) Gross Exposure Limits and Norms for Investment and Disclosure by Mutual Fund in Derivatives:

As per para 12.24 on Gross Exposure Limits and 12.25 of SEBI Master Circular “norms for investment and disclosure by Mutual Funds in derivatives”, the limits for exposure towards derivatives are as under:

- a) The cumulative gross exposure through equity, debt, derivative positions, other permitted securities/assets and such other securities/assets as may be permitted by SEBI from time to time should not exceed 100% of the net assets of the scheme.
- b) Mutual Funds shall not write options or purchase instruments with embedded written options.
- c) The total exposure related to option premium paid must not exceed 20% of the net assets of the scheme.
- d) Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
- e) Exposure due to hedging positions may not be included in the above-mentioned limits subject to the following:-
 - Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
 - Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Clause 12.24.1. of the Master Circular.
 - Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
 - The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken
- f) Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme.
- g) In case of participation in Interest rate swaps over the counter transactions, the counter party has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme. However, if mutual funds are transacting in IRS through an electronic trading platform offered by the Clearing Corporation of India Ltd. (CCIL) and CCIL is the central counterparty for such transactions guaranteeing settlement, the single counterparty limit of 10% shall not be applicable.
- h) Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits under limits mentioned in Clause 12.24.1. of the Master Circular.
- i) Exposure in derivative positions shall be computed as follows:

Position	Exposure
Long Future	Futures Price * Lot Size * Number of Contracts

Short Future	Futures Price * Lot Size * Number of Contracts
Option bought	Option Premium Paid * Lot Size * Number of Contracts

2) Participation of Mutual Funds in Credit Default Swaps (CDS)

(i) Mutual Fund Schemes as buyer of CDS

- Schemes may buy CDS only for the purpose of hedging their credit risk on debt securities they hold in various schemes. The exposure of CDS shall not exceed respective debt security exposure, and such exposure may not be added to gross exposure of the scheme.
- In case the protected debt security is sold, schemes shall ensure that the respective CDS position is closed within 15 (fifteen) Business Days of selling the above protected debt security.
- The exposure of any protected debt security, for determining single issuer, group, sectoral limits and credit risk for various purposes including Risk-o-meter and Potential Risk Class (PRC) matrix of the Schemes, shall be considered as exposure to either issuer of debt security (reference entity) or seller of CDS, whichever has higher credit rating (lowest long term rating of instruments of seller of CDS shall be considered for comparison). The exposure shall form part of overall single issuer limits for the reference entity or seller of CDS, whichever is applicable. In case of same rating for reference entity and seller of CDS, the exposure shall then be considered on reference entity and not on seller of CDS.
- MF schemes shall buy CDS only from such sellers that have instruments with lowest long-term rating of investment grade and above.
- Schemes may buy CDS for investment grade and existing below investment grade debt securities in the portfolio, if any.

(ii) Mutual Fund Schemes as seller of CDS

MF Schemes may sell CDS only as part of investment in synthetic debt securities, i.e., sell CDS on a reference obligation covered with Cash/GSec/T-bills. Overnight and Liquid schemes shall not sell CDS contracts.

The following shall be ensured with respect to the cover:

- Cash, G-Sec and T-bills can act as cover. Government securities with maturity within +/- 6 months of the maturity of respective debt security (reference obligation) shall act as cover and such cover may be used for maintaining margin requirements on respective CDS.
- The required amount of cover shall be enough to ensure that notional amount does not exceed the value of cover kept, which shall be calculated as follows:

Notional amount in CDS sell contract

(+)

Buffer, for price fluctuations on government securities kept as cover: The buffer shall be calculated to address interest rate risk on government securities. The buffer shall be atleast equal to three times the daily haircut applicable for the said G-sec instrument in case of repo transactions on Clearing Corporation of India Limited.

- c) The value of cover kept shall be reviewed on a daily basis.
- d) The cover shall be earmarked to CDS sell position and can be used for maintaining margin requirements on respective CDS. However, investment in aforesaid instruments as cover shall not be considered as part of Liquidity Ratio - Redemption at Risk (LR-RaR) and Liquidity Ratio - Conditional Redemption at Risk (LR-CRaR) eligible instruments and shall not be sold or used for any other purpose till CDS sell position is open.

The exposure of synthetic debt security (notional amount) shall be considered in respective single issuer, group issuer and sectoral limits. Such exposure to the issuer, group and sector of the issuer shall be equal to the notional amount.

For the purpose of computing gross exposure of scheme investing in synthetic debt security, the exposure due to such investment shall be computed as follows:

Notional amount

(+)

Buffer (i.e., cover kept over and above notional amount)

Schemes shall sell CDS only against securities rated investment grade and above.

Credit risk rating of the synthetic debt security shall be same as of reference obligation. For the purpose of Risk-o-meter, liquidity risk value of the synthetic debt security shall be Liquidity Risk Value of reference obligation + 2

For Potential Risk Class (PRC) matrix, Credit Risk Value shall be same as reference obligation.

Exposure through CDS (Notional amount of both CDS bought and sold) shall not exceed 10% of AUM of scheme and shall be within the overall limit of derivatives exposure as prescribed in Scheme Information Documents.

Debt Index funds and ETFs: Such schemes may also take exposure through synthetic debt securities and the same may be treated as replication as required under clause 3.5.3 of the Master Circular, as amended from time to time.

Schemes shall comply with the directions issued by RBI from time to time in this regard.

Schemes shall participate in CDS only through standard contracts prescribed by Fixed Income Money Market and Derivatives Association of India (FIMMDA).

All CDS contracts shall be transacted either through Central Counterparty, if any or Request For Quote (RFQ) Platform.

MFs shall ensure Two-way Credit Support Annex (CSA) as part of CDS contracts.

3) Swing Pricing

SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/631 Dated 29th September 2021

AMFI Best Practices Guidelines Circular No.96 / 2021-22 Dated 23rd March 2022

- (i) SEBI introduced swing pricing framework for open ended debt mutual fund schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds).

Swing pricing is applicable only for scenarios related to net outflows from the schemes. Further, the circular mandates full swing during market dislocation times for high-risk open-ended debt schemes. Pursuant to the SEBI Circular, the swing pricing framework will be adapted during market dislocation times. Currently, the Fund has decided not to adopt a policy pertaining to swing pricing during normal times.

Swing pricing refers to a process of adjusting scheme's net asset value (NAV) to effectively pass on transaction costs stemming from net capital activity (i.e., flows into or out of the fund) to the investors associated with that activity during the life of a fund, excluding ramp-up period or termination. In a liquidity-challenged environment, quoted bid/ask spreads and overall trading cost can widen and may not be representative of the executed prices that can be achieved in the market. Swing pricing can be a useful mechanism for protecting the interests of existing investors, specifically from the dilution of their holdings and the value of their capital.

Swing pricing mechanism is a tool which can help protect remaining investors during any of the below instances when:

- Any large investors choose to redeem where their actions would have material market impact costs
- More active trading takes place for the scheme or
- Scheme hold illiquid assets.

Market Dislocation: SEBI will determine 'market dislocation' either based on AMFI's recommendation or suo-moto.

SEBI shall notify once market dislocation is declared that swing pricing will be applicable for a specified period. After the announcement of market dislocation, the swing pricing framework shall be mandated only for open ended debt schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds) in terms of clause 2.6 of the SEBI Master Circular which:

- has High or Very High risk on the risk-o-meter in terms of clause 17.4 of the SEBI Master circular (as of the most recent period at the time of declaration of market dislocation) and
- classifies themselves in the cells A-III, B-II, B-III, C-I, C-II and C-III of Potential Risk Class (PRC) Matrix in terms of clause 17.5 of the SEBI Master Circular.

Swing threshold refers to a pre-determined threshold set in terms of percentage of AUM that trigger the adjustment in the NAV (swinging of the NAV). During the market dislocation times swing pricing will be adapted when the scheme has net outflow irrespective of any swing threshold. Swing pricing shall be made applicable to all unitholders at PAN level for (redemptions and subscriptions) except for redemptions up to INR 2 lacs for each mutual fund scheme.

Minimum Swing Factor for Open-ended Debt Schemes			
Max Credit Risk of the Scheme ----->	Class A CRV** >= 12	Class B CRC >= 10	Class C CRV < 10
Max Interest Rate Risk of the Scheme V			
Class I (MD <= 1)	Optional	Optional	1.5%
Class II (MD <=3)	Optional	1.25%	1.75%

Class III: Any MD	1%	1.5%	2%
*Scheme may levy higher swing factor, based on pre-defined parameters, redemption pressure and current portfolio of the scheme subject to a cap on swing factor to be decided by AMC.			

(ii) Disclosures pertaining to NAV adjusted for swing factor

The Scheme performance shall be computed based on Scheme NAV before Swing adjustment i.e. the unswung NAV.

Disclosures pertaining to NAV adjusted for swing factor along with the performance impact shall be made by the AMCs in following format in SIDs and in scheme wise Annual Reports and Abridged summary and the same may be disclosed on the website.

Illustration of swing pricing during market dislocation for scheme categorized under PRC A-III (suitably modified for other factors)

Computation of Swing NAV assuming net outflow from the scheme of INR 10 Crores on any date.

S No	Particulars	Amount (Rs)
A	Scheme NAV before Swing adjustment	100.0000
B	Swing Threshold (% of AUM)	Not Applicable during market dislocation
C	Mandatory Swing Factor	1%
D	Adjusted NAV / Swing NAV **	99.0000

** The Adjusted NAV / Swing NAV would be applicable to both Redemption and Subscription transactions of the day when the scheme has net outflows.

Impact of Swing NAV on Redemption transaction in case of net outflow in the scheme where investor had redeemed in Amount

S No	Particulars	Amount (Rs)
A	Amount Redeemed (INR)	20,00,00,000
B	Normal NAV (INR)	100.0000
C	Units to be redeemed (A/B)	20,00,000
D	Swing NAV (INR)	99.0000

E	Units to be redeemed at Swing NAV (A/D)	20,20,202.020
F	Impact (Additional Units redeemed on account of swing pricing framework)	20,202.02

Impact of Swing NAV on Redemption transaction in case of net outflow in the scheme where investor had redeemed in units

S No	Particulars	Amount (Rs)
A	Units Redeemed (INR)	20,00,000
B	Normal NAV (INR)	100.0000
C	Amount to be paid at Normal NAV (AxB)	20,00,00,000
D	Swing NAV (INR)	99.0000
E	Amount to be paid at Swing NAV (AxD) (INR)	19,80,00,000.00
F	Impact (Value of redemption amount on account of swing pricing framework) (Rs)	20,00,000.00

Impact of Swing NAV on Subscription transaction in case of net outflow in the scheme:

S No	Particulars	Amount (Rs)
A	Amount Invested* (INR)	10,00,00,000
B	Normal NAV (INR)	100.0000
C	Units to be allotted (A/B)	10,00,000
D	Swing NAV (INR)	99.0000
E	Units to be allotted at Swing NAV (A/D)	10,10,101.010
F	Impact (Additional Units allotted on account of swing pricing framework)	10101.01

* Assumed the amount invested is net of transaction charges and stamp duty.

(iii) Triggering Swing Pricing on re-opening of a scheme after announcement of winding-up

- a) There may be instances where AMC, after making an announcement to wind up a scheme, decides to rollback the decision to wind up the scheme. Such situations may trigger large scale redemptions and hence, it would be prudent to invoke the Swing Pricing mechanism to manage such a situation. In other words, if AMC decides to reverse its decision to wind

up the scheme, it shall mandatorily invoke the Swing pricing upon re-opening a scheme for subscriptions and redemptions post such announcement.

- b) The indicative range of swing pricing for the parameter of "Re-opening of the scheme after announcement of Winding-up" shall be the same as applicable for swing pricing during normal times as communicated by AMFI/SEBI from time to time, and shall be for higher of swing period as may be decided by the Board of AMC or for a minimum of 7 working days as per AMFI upon re-opening a scheme for subscriptions and redemptions).

4) Segregation of Portfolio /Side pocketing:

To ensure fair treatment to all investors in case of a credit event and to deal with liquidity risk, SEBI has permitted creation of segregated portfolio of debt and money market instruments by mutual funds schemes

(i) Segregated Portfolio

In the event of default, AMC is permitted to opt for creation of segregated portfolio as per the guidelines issued by SEBI.

- a) The term 'segregated portfolio' shall mean a portfolio, comprising of debt or money market instrument affected by a credit event (Default), that has been segregated in a mutual fund scheme(s).
- b) The term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio.
- c) The term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

(ii) Credit Event

AMC may create segregated portfolio in a mutual fund scheme subject to the following:

- a) Segregated portfolio may be created, in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:
- Downgrade of a debt or money market instrument to 'below investment grade,' or
 - Subsequent downgrades of the said instruments from 'below investment grade', or
 - Similar such downgrades of a loan rating.
- b) In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as detailed above and implemented at the ISIN level.

- c) Segregated portfolio of unrated debt or money market instruments may be created only in case of actual default of either the interest or principal amount. Actual default by the issuer of such instruments shall be considered as credit event for creation of segregated portfolio.
- d) The AMCs shall inform AMFI immediately about the actual default by the issuer. Upon being informed about the default, AMFI shall immediately inform the same to all AMCs. Pursuant to dissemination of information by AMFI about actual default by the issuer, AMCs may segregate the portfolio of debt or money market instruments of the said issuer.
- e) Further, Asset Management Companies/Valuation Agencies shall ensure that the financial stress of the issuer and the capabilities of issuer to repay the dues/borrowings are reflected in the valuation of the securities from the trigger date onwards.
- f) Creation of segregated portfolio shall be optional and at the discretion of the AMC. It should be created only if the Scheme Information Document (SID) of the scheme has enabling provision for segregated portfolio with detailed disclosures made in Statement of Additional Information (SAI). All new schemes shall have the enabling provision included in the SID for creation of segregated portfolio.
- g) AMCs shall have a detailed written down policy on creation of segregated portfolio and the same shall be approved by the trustees.

(iii) Process for Creation of Segregated Portfolio

- a) The AMC shall decide on creation of segregated portfolio on the day of credit event.
- b) In case it decides to segregate portfolio, it shall:
 - i. seek approval of trustees prior to creation of the segregated portfolio.
 - ii. immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. The mutual fund will also disclose that the segregation shall be subject to trustee approval. Additionally, the said press release shall be prominently disclosed on the website of the Mutual Fund.
 - iii. ensure that till the time the trustee approval is received, which in no case shall exceed 1 Business Day from the day of credit event, the subscription and redemption in the scheme shall be suspended for processing with respect to creation of units and payment on redemptions.
- c) Once trustee approval is received by the AMC:

- Segregated portfolio shall be effective from the day of credit event.
 - The AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information shall also be submitted to SEBI.
 - An e-mail or SMS should be sent to all unit holders of the concerned scheme(s).
 - The NAV of both segregated and main portfolio shall be disclosed from the day of the credit event.
 - All existing investors in the scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.
 - No redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall enable listing of units of segregated portfolio on the recognized stock exchange within 10 (ten) Business Days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests.
- d) If the trustees do not approve the proposal to segregate portfolio, AMC shall issue a press release immediately informing investors of the same
- e) Provision for Segregation of Portfolio in Scheme having investment in instrument with special features: Debt schemes which have investment in instruments with special features viz. subordination to equity (absorbs losses before equity capital) and /or convertible to equity upon trigger of a pre- specified event for loss absorption (Additional Tier I bonds and Tier 2 bonds issued under Basel III) or debt schemes that have provision to invest in such instruments shall ensure that the said instrument is to be written off or converted to equity pursuant to any proposal, the date of said proposal may be treated as the trigger date. However, if the said instruments are written off or converted to equity without proposal, the date of write off or conversion of debt instrument to equity may be treated as the trigger date

(iv) Valuation and processing of subscriptions and redemptions

Notwithstanding the decision to segregate the debt and money market instrument, the valuation should consider the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets) in terms of the relevant provisions of SEBI (Mutual Funds) Regulations and Circular(s) issued thereunder. All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as per the provisions on applicability of NAV as under:

- a) Upon trustees' approval to create a segregated portfolio –
 - Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
 - Investors subscribing to the scheme post creation of the segregated portfolio will be allotted units only in the main portfolio based on its NAV.
 - No redemption and / or subscription shall be allowed in the Segregated Portfolio.
 - Units of Segregated portfolio shall be listed on a recognized stock exchange
- b) In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.
- c) On the said trigger date, AMC may, at their option, create segregated portfolio in the Mutual Fund Scheme subject to compliance with provisions of Paragraph 4.4 of SEBI Master Circular and any other relevant Regulations/Circulars/Guidelines issued from time to time.

(v) Disclosure Requirements

In order to enable the existing as well as the prospective investors to take informed decision, the following shall be adhered to:

- a) A statement holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event shall be communicated to the investors within 5 Business days of creation of the segregated portfolio.
- b) Adequate disclosure of the segregated portfolio shall appear in all scheme related documents, in monthly and half-yearly portfolio disclosures and in the annual report of the mutual fund and the scheme.
- c) The Net Asset Value (NAV) of the segregated portfolio shall be declared on every Business Day.
- d) The information regarding number of segregated portfolios created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, the AMC and AMFI Websites.
- e) The scheme performance required to be disclosed at various places shall include the impact of creation of segregated portfolio. The scheme performance should clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.

- f) The disclosures at paragraphs iv and v above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/ written-off.
- g) The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

(vi) TER for the Segregated Portfolio

- a) AMC shall not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro rata basis only upon recovery of the investments in segregated portfolio
- b) The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence.
- c) The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the Capitalmind AMC.
- d) The costs related to segregated portfolio shall in no case be charged to the main portfolio.

(vii) Monitoring by Trustees

In order to ensure timely recovery of investments of the segregated portfolio, trustees shall ensure that:

- a) The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
- b) Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.
- c) An Action Taken Report (ATR) on the efforts made by the AMC to recover the investments of the segregated portfolio is placed in every trustee meeting till the investments are fully recovered/ written-off.

- d) The trustees shall monitor the compliance with the guidelines issued by SEBI regarding segregation of portfolio in mutual fund schemes and disclose in the half-yearly trustee reports filed with SEBI, the compliance in respect of every segregated portfolio created.

In order to avoid misuse of segregated portfolio, trustees shall ensure to have a mechanism in place to negatively impact the performance incentives of Fund Managers, Chief Investment Officers (CIOs), etc. involved in the investment process of securities under the segregated portfolio, mirroring the existing mechanism for performance incentives of the AMC, including claw back of such amount to the segregated portfolio of the scheme.

The existence of the provisions for segregated portfolio should not encourage the Fund managers to take undue credit risk in the scheme portfolio. Any misuse of the provisions of the segregated portfolio, would be considered serious and stringent action may be initiated.

(viii) Risks associated with segregated portfolio

- Investor holding units of segregated portfolio may not able to liquidate their holding till the time recovery of money from the issuer
- Security(ies) held in segregated portfolio may not realize any value
- Listing of units of segregated portfolio in recognized stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV

(ix) Illustration of Segregated Portfolio

Portfolio Date	20 th December 2024
Downgrade Event Date	20 th December 2024
Downgrade Security	7.32% ABCD Limited 2026 from CRISIL AA+ to D
Valuation Marked Down	25%

Total Portfolio (After Credit Event before Segregation)

S No	Security	Rating	Type of Security	Qty	Price Per unit	Market Value (Rs)	% of Net Assets
1	8.5% QRP Corpn. Ltd 2025	CRISIL AAA	Corporate Bond	200 000	101.5	2,03,00,000	12.65%

2	7.5% BBA Projects Ltd - 2026	CRISIL AAA	Corporate Bond	220 000	102.252	2,24,95,440	14.02%
3	7.32% ABCD Limited 2026 *	CRISIL D	Corporate Bond	250 000	75.032	1,87,58,000	11.69%
4	CH Finance Ltd - 2026 -ZCB	ICRA AA-	Zero Coupon Bond	2100 00	95.12	1,99,75,200	12.45%
5	TREPS		TREPS			20,00,000	1.25%
6	Cash and Cash Equivalent					7,69,75,200	47.96%
	Net Assets					16,05,03,840	
	Unit Capital (No of Units)					1,25,00,000	
	NAV (Rs)					12.8403	

**Marked down to 25% on the date of credit event. Before being marked down the security was valued at INR 100.0356 per unit on the date of credit event i.e. on December 20, 2024. NCD of 7.32% ABCD Limited 2026 will be segregated as a separate portfolio

Main Portfolio (After Segregation)

S No	Security	Rating	Type of Security	Qty	Price Per unit	Market Value (Rs)	% of Net Assets
1	8.5% QRP Corpn. Ltd 2025	CRISIL AAA	Corporate Bond	2000 00	101.5	2,03,00,000	12.65%
2	7.5% BBA Projects Ltd - 2026	CRISIL AAA	Corporate Bond	2200 00	102.252	2,24,95,440	14.02%
3	CH Finance Ltd - 2026 -ZCB	ICRA AA-	Zero Coupon Bond	2100 00	95.12	1,99,75,200	12.45%
4	TREPS		TREPS			20,00,000	1.25%
5	Cash and Cash Equivalent					7,69,75,200	47.96%
	Net Assets					14,05,28,640	
	Unit Capital (No of Units)					1,25,00,000	
	NAV (Rs)					11.2423	

Segregated Portfolio

S No	Security	Rating	Type of Security	Qty	Price Per unit	Market Value (Rs)	% of Net Assets
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1	7.32% ABCD Limited 2026 *	CRISI L D	Corporate Bond	2500 00	75.032	1,87,58,000	100%
	Net Assets					1,87,58,000	
	Unit Capital (No of Units)					1,25,00,000	
	NAV (Rs)					1.5006	

AMCs shall inform AMFI immediately about the actual default by the issuer. Upon being informed about the default, AMFI shall immediately inform the same to all AMCs. Pursuant to dissemination of information by AMFI about actual default by the issuer, AMCs may segregate the portfolio of debt or money market instruments of the said issuer.

Further, Asset Management Companies/Valuation Agencies shall ensure that the financial stress of the issuer and the capabilities of issuer to repay the dues/borrowings are reflected in the valuation of the securities from the trigger date onwards.

5) **Short Selling / Stock Lending:**

Subject to the Regulations and Para 12.11 of Master Circular and the applicable guidelines issued by SEBI, the Mutual Fund may engage in short selling/ stock lending. Stock lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period.

The exposure limits with regard to stock lending for various Schemes, shall be as specified in the respective SID from time to time. The Mutual Fund may not be able to sell such lent out securities and this can lead to temporary illiquidity.

6) **Borrowing by Mutual Fund:**

The Mutual Fund is allowed to borrow to meet the temporary liquidity needs of the schemes for the purpose of repurchase, redemption of units or payment of interest or Income Distribution cum Capital Withdrawal to the unit holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of each scheme and the duration of such borrowing shall not exceed a period of six months. The cost of borrowing shall be adjusted against the portfolio yield of the scheme borrowing and borrowing cost over and above the portfolio yield shall be absorbed by the AMC.

H. Transaction Charges and Stamp Duty

1. Transaction Charges

Further to SEBI Circular **SEBI/HO/IMD/PoD1/CIR/P/2025/115**, dated August 08, 2025, no transaction charges shall be paid to Mutual Fund Distributors

2. Stamp Duty

Unitholders are requested to note that, pursuant to Notification No. S.O. 1226(E) and G.S.R. 226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of the Finance Act, 2019 dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India, a stamp duty @0.005% of the transaction value would be levied on applicable mutual fund transactions (including transactions carried through stock exchanges and depositories for units in demat mode), with effect from July 1, 2020. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase/switch in transaction (including IDCW reinvestment) to the unitholders would be reduced to that extent. Transfer of Mutual fund units in secondary market are subject to payment of stamp duty @ 0.015%.

I. Requirement of minimum number of investors in a scheme

- 1) The Scheme/Plan shall have:
 - a. a minimum of 20 investors and
 - b. no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s).
- 2) If either/both of such limit(s) is breached during the NFO of the Scheme, it shall be ensured that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions.
- 3) In case the Scheme / Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation would become applicable automatically without any reference from SEBI and accordingly the Scheme / Plan(s) shall be wound up and the units would be redeemed at applicable NAV.
- 4) The average net assets of the scheme would be calculated daily and any breach of the 25 % holding limit by an investor would be determined. At the end of the quarter, the average of daily holding by each such investor is computed to determine whether that investor has breached the 25 % limit over the quarter. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days' notice to redeem

his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period.

- 5) The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI.
- 6) The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

X. DISCLOSURES AND REPORTS BY THE FUND

A. Account Statement / Consolidated Account Statement

An applicant in a scheme whose application has been accepted shall have the option either to receive the statement of accounts or to hold the units in dematerialized form and the AMC shall issue to such applicant, a statement of accounts specifying the number of units allotted to the applicant or issue units in the dematerialized form as soon as possible but not later than 5 (five) Business Days from the date of closure of the initial subscription list or from the date of receipt of the application.

- On acceptance of the application for subscription, an allotment confirmation specifying the number of units allotted by way of e- mail and/or SMS within 5 (five) Business Days from the date of receipt of transaction request/ allotment / closure of New Fund Offer (NFO) Period will be sent to the Unit Holders registered e-mail address and/or mobile number. For those Unit holders who have provided an e-mail address, the AMC will send the account statement by e-mail.
- The Mutual Fund will send account statement with all details registered in the folio by way of an e-mail and/ or SMS to the investor's registered address/email address/registered mobile number not later than 5 (five) Business Days from the date of subscription/closure of New Fund Offer (NFO) period or by way of physical statement not later than five business days from the date of receipt of request from the unitholder.

Consolidated Account Statement (CAS)

Consolidated account statement for each calendar month shall be issued, on or before 15th day of succeeding month, detailing all the transactions and holding at the end of the month including transaction charges paid to the distributor, across all schemes of all mutual funds, to all the

investors in whose folios transaction has taken place during that month. The AMC shall identify common investors across fund houses by their permanent account number (PAN) for the purposes of sending CAS.

In compliance with SEBI Circulars, the Mutual Fund will send the Consolidated Account Statement (CAS) to investors as follows:

- 1) A single Consolidated Account Statement (CAS) on basis of PAN (PAN of the first holder & pattern of holding, in case of multiple holding) will be dispatched to unitholders having Mutual Fund investments & holding Demat accounts by Depositories as per the specified timeline specified by SEBI at the end of the month in which transaction (the word 'transaction' shall include all financial transactions in demat accounts/Mutual Fund folios of the investor) takes place.
- 2) The CAS will not be received by the investors for the folio(s) not updated with PAN details. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN. Such investors will get monthly account statement from the Mutual Fund in respect of transactions carried out in the schemes of the Mutual Fund during the month on or within fifteenth day of the succeeding month.
- 3) For folios not included in the Consolidated Account Statement (CAS), the AMC shall henceforth issue account statement to the investors on a monthly basis, pursuant to any financial transaction in such folios on or before fifteenth day of succeeding month. In case of a New Fund Offer Period (NFO), the AMC shall send confirmation specifying the number of units allotted to the applicant by way of a physical account statement or an email and/or SMS's to the investor's registered address and/or mobile number not later than five Business Days from the date of closure of the NFO.
- 4) The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 Business Days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number.
- 5) In case of a specific request received from the unit holder, the AMC shall provide the account statement to the investors within 5 Business Days from the receipt of such request.
- 6) In other cases i.e. where unitholders having no Demat account & only the Mutual Fund units holding, the Mutual Fund shall continue to send the CAS as is being send on or within fifteenth day of the succeeding month in which financial transaction takes place.

- 7) In case the investor provides his email ids, statements are presently being dispatched by e-mail either by Fund or the Depository. Accordingly, CAS will also be sent through email. However, the Unitholders have an option to receive CAS in physical form at the address registered in the Depository system
- 8) The dispatch of CAS by Depositories to Unitholders would constitute compliance by AMC / the Mutual Fund with the requirements under Regulation 36(4) of SEBI (Mutual Funds) Regulations 1996.
- 9) Each CAS issued to the investors shall also provide the total purchase value / cost of investment in each scheme.
- 10) In the case of joint holding in a folio, the first named Unit holder shall receive the CAS/account statement. The holding pattern has to be same in all folios across Mutual Funds for CAS.
- 11) In case if no transaction has taken place in a folio during the period of six months ended September 30 and March 31, the CAS detailing the holdings across all schemes of all Mutual Fund, shall be emailed on half yearly basis, as per the timeline specified by SEBI, unless a specific request is made to receive the same in physical form.
- 12) Half-yearly CAS shall be issued to all Mutual Fund investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period on or within twenty first day of the succeeding month. Further, CAS issued for the half-year(September/March) shall also provide:
 - a. The amount of actual commission paid by Capitalmind AMC/Mutual Fund to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each mutual fund scheme. The term "commission" here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by Capitalmind AMC/MF to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as Goods & Services Tax (wherever applicable, as per existing rates), operating expenses etc
 - b. The Scheme's average Total Expense Ratio (in percentage terms) along with the breakup between Investment and Advisory fees, Commission paid to the distributor and other expenses for the period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in.

- c. Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period. In case of the units are held in dematerialized (demat) form, the statement of holding of the beneficiary account holder will be sent by the respective Depository Participant periodically. The AMC reserve the right to furnish the account statement in addition to the CAS, if deemed fit in the interest of investor(s).

Account Statement for demat account holders: In case of Unit Holders holding units in the dematerialized mode, the AMC will not send the account statement to the Unit Holders. The demat statement issued by the Depository Participant would be deemed adequate compliance with the requirements in respect of dispatch of statements of account. In case of Unit Holders holding units in the dematerialized mode, the AMC will not send the account statement to the Unit Holders. The demat statement issued by the Depository Participant would be deemed adequate compliance with the requirements in respect of dispatch of statements of account.

Option to Hold Units in Dematerialized (Demat) Form: Investors shall have an option to receive allotment of Mutual Fund units in their demat account while subscribing to the Scheme in terms of the guidelines/ procedural requirements as laid by the Depositories (NSDL/CDSL) from time to time. The Applicants intending to hold Units in demat form will be required to have a beneficiary account with a Depository Participant (DP) of the NSDL/CDSL and will be required to mention in the application form DP's Name, DP ID No. and Beneficiary Account No. with the DP at the time of purchasing Units.

Investors desirous of having the Units of the Scheme in dematerialized form should contact the ISCs of the AMC/Registrar. In case investors desire to convert their existing physical units (represented by statement of account) into dematerialized form or vice versa, the request for conversion of units held in physical form into Demat (electronic) form or vice versa should be submitted along with a Demat/Remat Request Form to their Depository Participants. In case the units are desired to be held by investor in dematerialized form, the KYC performed by Depository Participant shall be considered compliance of the applicable SEBI norms. Further, demat option shall also be available for SIP transactions. Units will be allotted based on the applicable NAV as per Scheme Information Document and will be credited to investors Demat Account on weekly basis on realization of funds.

B. Half Yearly Disclosures / Portfolio Disclosures / Financial Results

- The Mutual Fund will disclose portfolio (along with ISIN) in user friendly and downloadable spreadsheet format, as on the last day of the month/half year for all their schemes on its website <https://cm.fund/PortfolioDisclosure> and on the website of AMFI

<https://www.amfiindia.com> within 10 days from the close of each month/half year (i.e. 31st March and 30th September).

- Disclosure of risk-o-meter of scheme, benchmark and portfolio details to the investors will be disclosed as mandated by provision no. 5.16 & 5.17 of the Master Circular on Mutual Fund. In addition to monthly portfolio the Mutual Fund shall also disclose fortnight portfolio for debt scheme within 5 days of every fortnight as per provision no. 5.1 of the Master circular on Mutual Fund.
- In case of unitholders whose email addresses are registered, the Mutual Fund will send via email both the monthly and half yearly statement of scheme portfolio within 10 days from the close of each month /half year respectively.
- Further, AMC shall publish an advertisement, in an all-India edition of one national English daily newspaper and in one Hindi newspaper, every half year disclosing the hosting of the half-yearly statement of its scheme's portfolio on the website of the Mutual Fund and AMFI. AMC will provide a physical copy of the statement of its Scheme's portfolio without charging any cost, on specific request received from a unitholder

C. Half Yearly Results

The AMC shall within one month from the close of each half year, that is on 31st March & on 30th September, host a soft copy of its unaudited financial results on its website and AMFI in the format specified in Twelfth Schedule of SEBI (Mutual Funds) Regulations 1996.

The Mutual Fund / AMC shall publish an advertisement disclosing the hosting of such financial results on their website, in atleast one English daily newspaper having nationwide circulation & in a newspaper having wide circulation published in the language of the region where the Head Office of the Mutual fund is situated.

D. Annual Report

Annual report or Abridged Summary, in the format prescribed by SEBI, will be hosted on AMC's website <https://capitalmindmf.com> and on the website of AMFI <https://www.amfiindia.com> An Advertisement shall also be published in all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the scheme wise annual report

The scheme wise annual report or an abridged summary thereof, in the format prescribed, shall be sent to the investor's registered e-mail address not later than four months from the date of closure of the relevant financial year, i.e. 31st March Each Year under:

- By email to the unitholders whose email address is available with the Mutual Fund
- In Physical form to the unitholders whose email address is not available with the Fund and/or to those Unitholders who have opted / requested for the same.

The AMC shall provide physical copy of the abridged summary of the Annual Report without any cost, if a specific request through any mode is received from a unitholder.

Full Annual Report shall be available for inspection at the Head Office of the mutual fund and a copy thereof shall be made available to unitholder on payment of such nominal fees as may be specified by the mutual fund.

NOTES:

- 1) This Statement of Additional Information (“SAI”) will be uploaded by the Mutual Fund on its website (<https://capitalmindmf.com>) and on AMFI website (<https://www.amfiindia.com>) The printed copy of the SAI will be made available to any investor on specific requests being made.
- 2) The SAI shall be updated within 3 months from the end of financial year and filed with SEBI. Any material changes in the SAI shall be made on an ongoing basis by way of updated on the website of the Mutual Fund and AMFI. SEBI shall also be intimated of the changes made in the SAI within 7 days.
- 3) Notwithstanding anything contained in this SAI, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and guidelines thereunder shall be applicable.