



## STATEMENT OF ADDITIONAL INFORMATION (SAI)

**This Statement of Additional Information (SAI) contains details of DynaSIF 'Specialized Investment Fund' ('SIF') offered by 360 ONE Mutual Fund (the "Mutual Fund"), its constitution, and certain tax, legal and general information. It is incorporated by reference and is legally a part of the Investment Strategy Information Document (ISID).**

**This SAI is dated January 21, 2026.**

<b>Name of the SIF Brand</b>	<b>DynaSIF</b>
<b>Name of Mutual Fund</b>	<b>360 ONE Mutual Fund</b> <b>Regd. Office:</b> 360 ONE Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013
<b>Name of Asset Management Company</b>	<b>360 ONE Asset Management Limited</b> <b>Regd. Office:</b> 360 ONE Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013 <b>CIN: U74900MH2010PLC201113</b>
<b>Name of Trustee Company</b>	<b>360 ONE Asset Trustee Limited</b> <b>Regd. Office:</b> 360 ONE Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013 <b>CIN: U74990MH2009PLC193063</b>
<b>Name of Sponsor</b>	<b>360 ONE WAM Limited</b> <b>Regd. Office:</b> 360 ONE Centre, Kamala City Senapati Bapat Marg, Lower Parel, Mumbai- 400013 <b>CIN: L74140MH2008PLC177884</b>
<b>Website</b>	<a href="https://www.360.one/dyna-sif">https://www.360.one/dyna-sif</a>

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## **I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES**

### **A. Constitution of the Mutual Fund**

360 ONE Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a trust on April 29, 2010, in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with IIFL Finance Limited, as the Sponsor and 360 ONE Asset Trustee Limited as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on on March 23, 2011, under Registration Code MF/067/11/02

### **B. Constitution of the Specialized Investment Fund**

DynaSIF 'Specialized Investment Fund ('SIF') is offered by 360 ONE Mutual Fund in terms of Regulation 49W (1) of SEBI (Mutual Funds) Regulations, 1996 ("SEBI Regulations") with 360 ONE Asset Trustee Limited as the Trustee and 360 ONE Asset Management Limited as the Asset Management Company (AMC). 360 ONE Mutual Fund was granted approval to establish the SIF by SEBI on August 13, 2025.

### **C. Sponsor**

#### **Settler:**

360 ONE Mutual Fund is a Trust settled by IIFL Finance Limited, which has entrusted a sum of Rs. 1, 00,000 to the Trustee, as the initial contribution towards corpus of the Mutual Fund.

In order to integrate the Fund Management Business and Asset Management Business, the entire equity shareholding of 360 ONE Asset Management Limited (Investment Manager to 360 ONE Mutual Fund – '360 ONE AMC') and 360 ONE Asset Trustee Limited (Trustee to 360 ONE Mutual Fund – '360 ONE Trustee') held by IIFL Finance Limited was transferred to its subsidiary 360 ONE WAM Limited (360 ONE WAM) , on October 18, 2013. Accordingly, 360 ONE WAM holds the entire share capital of 360 ONE AMC and 360 ONE Trustee and acts as Sponsor to 360 ONE Mutual Fund. As the said restructuring was within the 360 ONE Group, it did not amount to any change in controlling interest of 360 ONE AMC and was effected pursuant to the No Objection received from Securities & Exchange Board of India (SEBI) vide their letter dated October 17, 2013.

The registered office of 360 ONE WAM is at 360 ONE Centre, Kamala City Senapati Bapat Marg, Lower Parel Mumbai 400013.

#### **Brief Profile of 360 ONE WAM (Sponsor)**

360 ONE WAM Limited was incorporated on 17<sup>th</sup> January 2008, a Company incorporated under the Companies Act, 1956, is registered with SEBI as a Research Analyst and has obtained Merchant Banking license. 360 ONE WAM Limited mainly provides transaction structuring and advisory services relating to financial products to its clients as a part of wealth management. 360 ONE WAM acts as the Sponsor to 360 ONE Mutual Fund and to Schemes of Alternative Investment Funds. The associate/group companies of 360 ONE WAM Limited acts as Investment Manager to schemes of Mutual Funds, Alternative Investment Funds, Venture Capital Funds, provides Portfolio Management Services, Trustee Services, Investment Advisory Services, Distribution Services, Non-Banking Financial Services, Housing Finance, Business Process Outsourcing activities.

Financial Performance of the Sponsor (past three years):

Particulars	2022-23	2023-24	2024-25
Net Worth	2,353.63	2,558.42	5,492.83
Total Income	663.64	968.37	743.02
Profit after tax	495.79	678.85	334.41
Assets Management applicable) Under (if	NA	NA	NA

#### D. The Trustee

360 ONE Asset Trustee Limited (the "Trustee"), through its Board of Directors, shall discharge its obligations as trustee of the DynaSIF. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations, as amended from time to time and will also review the activities carried on by the AMC.

As regards to the SIF, the Trustee ensures that all the activities of the SIF are in accordance with the provisions of the SEBI Regulations and Circulars issued in this regard from time to time.

The shareholding pattern of the Trustee Company is as follows:

Name of the Shareholder	No. of shares	% of Shareholding
360 ONE WAM Limited	5,00,000*	100%

\*Including 6 shares held jointly with its nominees.

#### 1. Details of Trustee Directors:

Name	Age	Educational Qualification	Brief Experience
<b>Shri Parmod Kumar Nagpal</b>	67 Years	Bachelor of Laws – L.L.B, Banking, Corporate, Finance and Securities Law; MBA; Bachelor of Commerce	<p>Mr. Nagpal has four decades of work experience in the securities markets. At present, Mr. Nagpal is an Advocate (Bar Council of Maharashtra and Goa) and has provided consultancy and legal advisory to a regulator, law firms, market participants and international consultancy firms on various aspects of securities markets.</p> <p>He worked with Securities and Exchange Board of India (SEBI) for over three decades (1989 – 2019) in all operational departments. He was also Chief Vigilance Officer, Adjudication Officer and Director of National Institute of Securities Markets (NISM). He held the position of Executive Director for about 13 years.</p> <p>He chaired the standing committee of financial sector regulators (SEBI, RBI, IRDA and PFRDA) on credit rating agencies. He was Chair of standing committees of International Organization of Securities Commissions (IOSCO) on Issuer Accounting, Audit and Disclosures, comprising of 33 jurisdictions.</p>
<b>Mr. Ashok Kumar Garg</b>	67 years	M.COM, L.L.B, Certified	<ul style="list-style-type: none"> <li>He is a compliance focused and results driven career banker with more than four decades of cross functional banking</li> </ul>

Independent Director		Associate of Indian Institute of Banking & Finance (CAIIB)	<p>experience in Retail, SME, Wholesale segment (including Global Markets &amp; Treasury) across four jurisdictions; India, New York, Uganda and London.</p> <ul style="list-style-type: none"> <li>■ He was a whole time director of Bank of Baroda and served as Chief Executive of US Operations of the bank at New York, Managing Director, Bank of Baroda (Uganda) Ltd at Kampala and Financial Controller of the Bank's UK operations at London.</li> <li>■ In addition, he held directorship positions at BOB Financial Solutions Ltd, India First Life Insurance Company Ltd, Uganda Securities Exchange Ltd, Uganda Institute of Banking and Finance Ltd and Neighborhood Housing Services Ltd, USA.</li> </ul> <p>He is an alumnus of Shri Ram College of Commerce (SRCC) and holds a Master's Degree in Commerce &amp; a Bachelor's Degree in Law from Delhi University.</p>
<b>Mr. Karat Venugopal Parameshwar</b> Independent Director	65 years	Chartered Accountant and MBA from IIM Ahmedabad	<ul style="list-style-type: none"> <li>■ Mr. Karat Venugopal Parameshwar is seasoned and accomplished Banker, Business leader and CFO with experience in leading financial services institutions in multiple geographies.</li> <li>■ He has worked with a non-profit organization Wildlife Conservation Society-India as the finance director responsible for finance, accounting, admin, human resource and programme monitoring. He was a key member of the senior leadership team with a responsibility for strategic planning, operational monitoring and financial management of all aspects of retail bank business as an advisor to the CEO and the board.</li> </ul> <p>He is an MBA from IIM Ahmedabad and a Chartered Accountant with over 30 years of experience and expertise in all aspects of the Business management and Financial Management including Control, Reporting, Taxation, Treasury and Legal.</p>
<b>Mr. R. Mohan</b> Associate Director	60 Years	Chartered Accountant	<ul style="list-style-type: none"> <li>■ Mr. Mohan is the Senior Advisor-Compliance &amp; Regulatory Affairs at 360 ONE Group and a Director of 360 ONE Asset Trustee Ltd, the Trustee Company for 360 ONE Mutual Fund and Alternate Investments Funds (AIF). He is a Chartered Accountant with over 36 years of wide experience in financial services and securities market regulations,</li> </ul>

			<p>supervisions and compliances and corporate governance. He was associated with IIFL Group from September 2005 till November 2020 for about 15 years as the Group Chief Compliance Officer and Director of IIFL Securities Ltd. At IIFL Group, he was involved in successful initiation, implementation of various strategic growth and corporate initiatives and setting up of regulatory systems, compliance and governance processes across the entire group from its development as a retail broking entity to a diversified large financial services group spanning across securities market, wealth and asset management, financing and insurance distribution.</p> <ul style="list-style-type: none"> <li>■ Prior to this, he worked in SEBI for about 13 years from 1993 to 2005 and last held the position as General Manager. He had held various positions /portfolios in the regulations, administration, inspections and supervision, market surveillance and investigation functions at SEBI. He also served as the member secretary of the “Group for Review of Portfolio Managers Regulations”, coordinator for the “Committee on Strengthening of Disclosures in the Offer Documents of Companies”, Committee on delisting of companies on Stock Exchanges, committee on uniform listing agreement across all Stock Exchanges and member of the “Working Group to prepare Pilot Policy Statement on Takeover/Merger and Transfer of Shares in the Banks” setup by the RBI and a member of SEBI Integrated Market Surveillance Group.</li> <li>■ Earlier to SEBI, he was associated with Carborundum Universal Ltd, a Murugappa Group Company in its corporate finance and taxation for about five years and an Audit firm for an year.</li> </ul>
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### **Duties and Obligations of Trustees**

- (1) The trustees shall ensure that the asset management company has the necessary expertise, internal control systems and risk management mechanism to invest in and manage investments.
- (2) The trustees shall ensure that the asset management company shall comply with such other requirements related to risk management, investor protection, disclosures and reporting, as may be specified by the Board from time to time.
- (3) The trustees shall ensure that all activities of the Specialized Investment Fund are in accordance with the provisions of these regulations.

- (4) The trustees and the AMC shall with the prior approval of the Board enter into an investment management agreement.
- (5) 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.
- (6) The trustees shall have a right to obtain from the AMC such information as is considered necessary by the trustees.
- (7) The trustees shall approve the policy for empanelment of brokers by the AMC and shall ensure that an AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
- (8) The trustees shall ensure that 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 interest of the unitholders.
- (9) The trustees shall ensure that the transactions entered into by the AMC are in accordance with SEBI (Mutual Fund) regulations and the scheme.
- (10) The trustees shall ensure that the AMC has been managing the mutual fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the AMC.
- (11) The trustees shall ensure that all the activities of the AMC are in accordance with the provisions of SEBI (Mutual Fund) regulations.
- (12) Where the trustees have reason to believe that the conduct of business of the mutual fund is not in accordance with SEBI (Mutual Fund) regulations and the scheme they shall forthwith take such remedial steps as are necessary by them and shall immediately inform the SEBI of the violation and the action taken by them.
- (13) Each trustee 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.
- (14) The trustees 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 SEBI (Mutual Fund) regulations and the provisions of trust deed.
- (15) The trustees shall take steps to ensure that the transactions of the mutual fund are in accordance with the provisions of the trust deed.
- (16) The trustees shall ensure that the income calculated by the AMC under sub-regulation (25) of regulation 25 of SEBI (Mutual Fund) regulations is in accordance with SEBI (Mutual Fund) regulations and the trust deed.
- (17) The trustees shall obtain the consent of the unitholders—
- (a) whenever required to do so by the Board in the interest of the unitholders; or
  - (b) whenever required to do so on the requisition made by three-fourths of the unitholders of any scheme; or
  - (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 or prematurely redeem the units of a close ended scheme.
- (18) 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 Fund) regulations.
- (19) The trustees 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 the SEBI, as and when required.
- (20) The trustees shall quarterly review all transactions carried out between the mutual funds, AMC and its associates.

(21) The trustees shall on a quarterly basis review the network of the AMC to ensure compliance with the threshold provided in clause (f) of sub-regulation (1) of regulation 21 on a continuous basis.

(22) The trustees 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.

(23) The trustees shall ensure that there is no conflict of interest between the manner of deployment of its network by the AMC and the interest of the unit- holders.

(24) The trustees shall periodically review the investor complaints received and the redressal of the same by the AMC.

(25) The trustees shall abide by the Code of Conduct as specified in PART-A of the Fifth Schedule.

(26) The trustees shall furnish to the Board on a half-yearly basis,—

(a) a report on the activities of the mutual fund;

(b) a certificate stating that the trustees have satisfied themselves that there have been no instances of self-dealing or front running by any of the trustees, directors and key personnel of the AMC.

(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 regulation 24 have been undertaken by the AMC and has taken adequate steps to ensure that the interests of the unitholders are protected.

(27) The independent trustees referred to in sub-regulation (5) of regulation 16 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.

(28) Trustees shall exercise due diligence as under:

#### **A. General Due Diligence:**

(i) The Trustees shall be discerning in the appointment of the directors on the Board of the AMC.

(ii) Trustees 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 the SEBI or concerned regulatory authority.

(v) The Trustees shall arrange for test checks of service contracts.

(vi) Trustees shall immediately report to the 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 Trustees,

(ii) obtain compliance certificates at regular intervals from the AMC,

(iii) hold meeting of trustees more frequently,

(iv) consider the reports of the independent auditor and compliance reports of AMC at the meetings of trustees for appropriate action,

(v) maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings,

(vi) prescribe and adhere to a code of ethics by the Trustees, AMC and its personnel,

(vii) communicate in writing to the AMC of the deficiencies and checking on the rectification of

deficiencies.

(27) Notwithstanding anything contained in sub-regulations (1) to (25), the trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.

(27) The independent directors of the trustees or AMC shall pay specific attention to the following, as may be applicable, namely: —

- (i) the Investment Management Agreement and the compensation paid under the agreement,
- (ii) service contracts with associates—whether the AMC has charged higher fees than outside contractors for the same services,
- (iii) selections of the AMC’s independent directors,
- (iv) securities transactions involving associates to the extent such transactions are permitted,
- (v) selecting and nominating individuals to fill independent directors vacancies,
- (vi) code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions,
- (vii) the reasonableness of fees paid to sponsors, AMC and any others for services provided,
- (viii) principal underwriting contracts and their renewals,
- (ix) any service contract with the associates of the AMC.

**C. The trustees shall also exercise due diligence on such matters as may be specified by the SEBI from time to time.**

## **II. ASSET MANAGEMENT COMPANY**

360 ONE Asset Management Limited is a public company incorporated under the Companies Act, 1956 on March 22, 2010, having its Registered Office at at 360 ONE Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013. 360 ONE Asset Management Limited has been appointed as the Asset Management Company of the DynaSIF by the Trustee vide Investment Management Agreement (IMA) dated April 29, 2010, and executed between 360 ONE Asset Trustee Ltd. and 360 ONE Asset Management Ltd. 360 ONE Asset Management Ltd is also the AMC of 360 ONE Mutual Fund.

The paid-up capital of the AMC is Rs. 32,10,00,000 comprising of 3,21,00,000 of Equity Shares of Rs. 10/-each.

The shareholding pattern of the AMC is as follows:

<b>Name of the Shareholder</b>	<b>No. of shares</b>	<b>% of Shareholding</b>
360 ONE WAM Limited	3,21,00,000*	100%

\*including 6 shares held jointly with its nominees.

**Additional business undertaken by AMC;**

Pursuant to Regulation 24(b) of the SEBI (Mutual Funds) Regulations, 1996, SEBI vide its letter dated January 24, 2014 and February 23, 2024 has given its No Objection to 360 ONE Asset Management Limited (360 ONE AMC) to undertake Investment Management and Advisory Services to the pooled assets including Alternative Investment Funds/Offshore Funds and to undertake Portfolio Management Services. Pursuant to said NOC, AMC acts as an Investment Manager to 360 ONE Opportunities Fund (Category III – Alternative Investment Fund) and 360 ONE Real Estate Investment Trust (Real Estate Investment Trust). The AMC also provides non-binding advisory services to AIF Investment Manager within 360 ONE Group.

The AMC is also registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 2020 vide registration No. INP000004565. The AMC is also registered with Securities and Exchange Commission, US as an Investment Adviser to provide Portfolio Management services to US persons.

The AMC has also received a no objection from SEBI to provide Advisory services to offshore funds. In carrying out the above-mentioned additional business there is no conflict of Interest with the activities of the Mutual Fund.

**Details of AMC Directors:**

Name	Age	Educational Qualification	Brief Experience
Mr. Anup Maheshwari Whole-time Director	54 years	PGDM	<ul style="list-style-type: none"> <li>■ Mr. Maheshwari has over 31 years of work experience in the financial service sector. Prior to joining 360 ONE Asset Management Limited, he was associated with DSP Investment Managers Private Limited (formerly known as DSP BlackRock Investment Managers Private Limited) for over 21 years (September 2006 - July 2018 and July 1997-November 2005) as an Executive Vice President &amp; Chief Investment Officer. He was also associated with HSBC Asset Management (India) Private Limited &amp; Merrill Lynch India Equities Fund (Mauritius) Limited. He has done his Bachelor of Commerce from Bombay University and Post Graduate Diploma in Management in finance and marketing from Indian Institute of Management, Lucknow.</li> </ul>
Mr. Sethurathnam Ravi Independent Director	66 years	Bachelor of Science, Master of Commerce, Fellow Chartered Accountant, Diploma in Systems Audit (DISA from	<ul style="list-style-type: none"> <li>■ Mr. Ravi has served as a director on the boards of various prestigious institutions like LIC Housing Finance, BHEL, IDBI Bank, Union Bank and several other PSUs and PSBs. He is the Independent Director and Chairman of Tourism Finance Corporation of India Limited and director on the board of SBI Payment Services Pvt Ltd and Aditya Birla ARC Limited, among others. He has, also, been member of these companies' Audit Committees, Strategic Revival Committees and Risk Management Committees. Mr. Ravi has served as the Chairman (Public Interest Director) of BSE</li> </ul>

Name	Age	Educational Qualification	Brief Experience
		ICAI), Associate Member of Association of Certified Fraud Examiners (CFE), USA; Insolvency Resolution Professional, DISA	Limited during the period Nov 2017 to Feb 2019. He is the Founder and Managing Partner of Chartered Accountants firm Ravi Rajan & Co. LLP.
Ms. Anita Pai	57 years	B.Com - RA Podar College of Commerce and Economics & M.B.A - Symbiosis Institute of Business Management	Ms. Anita Pai has been a part of the BFSI sector for 33 years. Ms. Pai has been part of the start up team of ICICI Limited's Personal Financial Services – set up Credit and Operations for the Home Loans Business (1998-2000). Ms. Pai was a key member of the start up team of ICICI Prudential Life Insurance Co. Ltd; a Joint Venture between ICICI Limited and Prudential PLC, UK. She was responsible for Technology, Underwriting, Operations and Claims. She also headed Global Operations for ICICI Bank and subsidiaries. Ms. Pai held position of COO in Yes Bank Limited where she was in charge of Technology, Operations and Digital Banking. She successfully navigated the Bank out of the moratorium and played a key role in the reconstruction of the Bank.
Mr. Raghav lyengar	58 Years	B. Com, Chartered Accountant and Cost and Works Accountant	Raghav comes with rich experience of over three decades in the financial services sector. Prior to joining 360 ONE Asset, he served as the President and Chief Business Officer at Axis Asset Management, where he led sales (both retail and institutional), marketing, digital, business intelligence, PR, and investor services. His extensive experience includes significant tenures with ICICI Prudential Asset Management and Tata Asset Management.
Mr. Parag Basu	60	CA, CMA, L.L.B and Bachelor of Commerce (Hons.)	<p>Mr. Parag Basu has experience of more than three decades of handling different portfolios with Securities and Exchange Board of India (SEBI). During his tenure he worked as Chief General Manager (CGM), Chief Financial Officer (CFO), Secretary to the Board of SEBI, Head of the Department MIRSD and Head of Human Resources Department.</p> <p>As CGM in SEBI's Investment Management Department, Mr. Basu supervised Mutual Funds and Asset Management Companies Division. Mr. Basu had undertaken key initiatives such as introduction of direct plans, mandating issuance of consolidated account statements, rationalization of expense ratios,</p>

Name	Age	Educational Qualification	Brief Experience
			<p>riskometer and standardised labels, single window transaction platform, etc.</p> <p>As Head of SEBI's Market Intermediaries Regulation and Supervision Department (MIRSD), Mr. Basu supervised registration, compliance, and inspections of key market entities and steered various policy initiatives such as introduction of margin obligations by way of pledge/ re-pledge in the Depository System, segregation of collateral at client level and developing SOPs for risk-based supervision of intermediaries.</p> <p>As a Division Chief in the Corporation Finance Department (CFD), Mr. Basu handled compliance monitoring portfolio in relation to offer documents of public/right issues, compliance with listing requirements. He was also involved in various policy formulations viz., introduction of Application Supported by Blocked Amount and Minimum Public Shareholding norms, replacement of Disclosure and Investor Protection Guidelines with Issue of Capital and Disclosure Requirements Regulations.</p> <p>Mr. Basu also supervised the entire treasury, accounts and establishment functions of the organization as CFO.</p> <p>Mr. Basu served as Head of the Department of the Human Resources Department (HRD), spearheaded organizational restructuring and supervised a wide range of activities for effectively managing SEBI's workforce such as recruitment, staffing, training, employee benefits and disciplinary conduct.</p>

### **Duties and Obligations of the AMC**

**Under regulation 49AB of SEBI (MF) Regulations and the Investment Management Agreement, the AMC has, inter-alia, the following duties and obligations:**

(1) The asset management company shall ensure that the Specialized Investment Fund has distinct identification, separate from that of the Mutual Fund, to maintain clear differentiation between the offerings of the Specialized Investment Fund and that of a Mutual Fund.

(2) The asset management company shall comply with the provisions relating to branding, advertising, standard disclaimers, guidelines on usage of sponsor or asset management company or mutual fund's brand name and maintenance of a separate website, as may be specified by the Board from time to time.

**Under regulation 25 of SEBI (MF) Regulations and the Investment Management Agreement, the AMC has, inter-alia, the following duties and obligations:**

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 Regulations 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 (MF) Regulations, prior in-principle approval from the recognized stock exchange(s) where units of the Scheme(s) are proposed to be listed.
4. The AMC shall be responsible for the acts of commissions or omissions 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.
6. The Trustee at the request of the AMC may terminate the assignment of the AMC at any time. Provided that such termination shall become effective only after the Trustee has accepted the termination of assignment and communicated its 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 omissions, while holding such position or office.
8. The Chief Executive Officer (whatever be the designation) of the AMC shall ensure that the Mutual Fund complies with all the provisions of SEBI (Mutual Funds) Regulations 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.
9. The Chief Executive Officer (whatever be the designation) shall also 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 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.
10. The Fund Managers (whatever be the designation) shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unit holders.
11. The Fund Managers (whatever be the designation) shall abide by the Code of Conduct for Fund Managers and Dealers specified in PART – B of the Fifth Schedule of Securities and Exchange Board of India (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.

**Note:** For the purposes of the above mentioned sub-regulation, the phrase “Fund Managers” shall include Chief Investment Officer (whatever be the designation).

12. The Dealers (whatever be the designation) shall 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.
13. The Dealers (whatever be the designation) shall abide by the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fifth Schedule of the Securities and Exchange Board of India (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.
14. The board of directors of the AMC shall ensure that all the activities of the AMC are in

accordance with the provisions of SEBI (Mutual Funds) regulations.

15. The AMC shall not through any broker associated with the Sponsors, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes.

Provided that for the purpose of this Clause, aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the Mutual Fund. The aforesaid limit of 5% shall apply for a block of any three months.

16. The AMC shall not purchase or sell securities through any broker other than a broker associated with the Sponsors, which is average of 5% 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% and reports of all such investments are sent to the Trustee on a quarterly basis. The aforesaid limit shall apply for a block of three months.

17. The AMC shall not utilise the services of the Sponsors or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. Provided that AMC may utilise such services if disclosure to that effect is made to the unit holders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the Mutual Fund. Provided further that the Mutual Fund shall disclose at the time of declaring half-yearly and yearly results;

- a. Any Underwriting obligations undertaken by the schemes of the Mutual Fund with respect to issue of securities 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.

18. The AMC shall file with the Trustee 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.

19. In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustee at its next meeting.

20. 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 Trustee 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.

21. The AMC shall file with the Trustee and SEBI:

- a. Detailed bio-data 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. Quarterly report to the Trustee giving details and adequate justification about the purchase and sale of the securities of the group companies of the Sponsors or the AMC as the case may be, by the Mutual Fund during the said quarter.

22. Each director of the AMC shall file the details of his transactions of dealing in securities with the Trustee on a quarterly basis in accordance with guidelines issued by SEBI.

23. 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.

24. The AMC shall appoint registrars and share transfer agents who are registered with SEBI. Provided if the work relating to the transfer of units is 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 Trustee shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
25. The AMC shall abide by the Code of Conduct as specified in PART – A of Fifth Schedule to SEBI (Mutual Funds) Regulations.
26. The AMC shall invest such amounts in such schemes of the Mutual fund, based on the risks
27. associated with the schemes, as may be specified by the SEBI from time to time. The AMC shall invest a percentage of the remuneration of such employees as specified by the Board in units of mutual fund schemes based on the designation or roles of the designated employees in the manner as may be specified by the SEBI.
28. 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.
29. The AMC shall-
- a. Not invest in any of its Schemes unless full disclosure of its intention to invest has been made in the Scheme Information Document (SID);  
Provided that the AMC shall not be entitled to charge any fees on its investment in that Scheme;
  - b. Not carry out its operations including trading desk, unit holder servicing and investment operations outside the territory of India.
  - c. Compute and carry out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in Eighth Schedule, and shall publish the same.
  - d. Report and disclose all the transactions in debt and money market securities, including inter scheme transfers, as may be specified by the SEBI.
30. 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 Fund and intimate to SEBI the place where such books of account, records and documents are maintained. The AMC shall maintain and preserve for a period of eight years its books of account, records and documents.
31. The board of directors of the AMC shall exercise due diligence as follows:
- (a) The board of directors of the asset management company shall ensure before the launch of any scheme that the asset management company 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 bio-data which shall contain the educational qualifications and past experience in the securities market with the Trustees, within 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 the Board or the Central Government and for redressal of investors grievances;
    - (v) appointed a registrar to an issue and share transfer agent registered under the Securities and Exchange Board of India (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 empanelment of brokers and marketing agents;

(viii) obtained, wherever required under these regulations, prior in principle approval from the recognized stock exchange(s) where units are proposed to be listed.

(b) The board of directors of the asset management company shall ensure that -

(i) the asset management company has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with specific brokers;

(ii) the asset management company has not given any undue or unfair advantage to any associate or dealt with any of the associate of the asset management company in any manner detrimental to interest of the unit holders;

(iii) the transactions entered into by the asset management company are in accordance with these regulations and the respective schemes;

(iv) the transactions of the mutual fund are in accordance with the provisions of the trust deed;

(v) the networth of the asset management company 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 networth of the asset management company 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 the Board 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 asset management company to the trustees;

(xii) there has been exercise of due diligence on such matters as may be specified by the Board from time to time.

32. The compliance officer appointed under sub-clause (iv) of clause (a) of sub-regulation (22) of SEBI (Mutual Funds) Regulation shall independently and immediately report to the SEBI any non-compliance observed by him.

33. The asset management company shall constitute a Unit Holder Protection Committee in the form and manner and with a mandate as may be specified by the SEBI.

34. The asset management company 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 SEBI (Mutual Funds) regulations and the trust deed.

35. The asset management company 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,—

(i) 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

(ii) the unit holders are given an option to exit at the prevailing Net Asset Value without any exit load.

36. The asset management company 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.

37. The Chief Executive Officer or Managing Director or such other person of equivalent or analogous rank and Chief Compliance Officer of the asset management company shall be responsible and accountable for implementation of such an institutional mechanism for deterrence of potential market abuse, including frontrunning and fraudulent transactions in securities.

38. The asset management company 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.

39. An asset management company shall ensure compliance with the Investor Charter specified by the SEBI from time to time.

40. The asset management company shall conduct stress testing for such schemes as specified by the SEBI and disclose the results of the stress testing in the form and manner, as may be specified by the SEBI.

**Information on Key Personnel:**

Name	Designation	Age (years)	Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years
Mr. Anup Maheshwari	Chief Investment Officer (CIO) and Whole Time Director	54	PGDM	31	Mr. Maheshwari has over 31 years of experience in financial services sector focused on fund management activities. Mr. Maheshwari is the Chief Investment Officer of 360 ONE Asset Management Limited (360 ONE AMC) since August 27, 2018. Prior to joining 360 ONE Asset Management Limited, he was associated with DSP Investment Managers Private Limited (formerly known as DSP BlackRock Investment Managers Private Limited) for over 11 years as an Executive Vice President & Chief Investment Officer. He was also associated with HSBC Asset Management (India) Private Limited & Merrill Lynch India Equities Fund (Mauritius) Limited.
Mr. Raghav Iyengar	Chief Executive Officer	58	B. Com, Chartered Accountant and Cost and		Raghav comes with rich experience of over three decades in the financial services sector. Prior to joining 360 ONE Asset, he served as the President and Chief Business Officer at Axis Asset

Name	Designation	Age (years)	Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years
			Works Accountant	35	Management, where he led sales (both retail and institutional), marketing, digital, business intelligence, PR, and investor services. His extensive experience includes significant tenures with ICICI Prudential Asset Management and Tata Asset Management.
Mr. Harsh Agarwal	Fund Manager	47	MBA, Certified Portfolio Manager (CPM), and Certified Treasury Manager (CTM), ICFAI	18	Mr. Agarwal has an overall experience of 18 years in financial services sector. Prior to joining 360 ONE Asset Management Limited, he worked for TATA AMC as head of Alternative Strategies, managing funds under Category III AIF.  Mr. Agarwal managed an average AUM of approximately INR 1200 crores during the financial years from 2021-2024.
Mr. Milan Mody	Fund Manager - Debt	47	MBA Finance, B.Com	20	Mr. Milan Mody has over 20 years of work experience in the Fixed Income market. Prior to joining 360 ONE Asset Management Limited, he was associated with ITI Asset Management Limited as Fixed Income Fund Manager for three years.  His previous experience includes working with Darashaw, Birla Sun-life Securities, Sahara Life Insurance and Zyin Research Pvt. Ltd. He has done MBA Finance, B.Com
Ms. Situ Tank	Investor Service Officer	46	Postgraduate, Service Management, B.Com (HONS)	24	Ms. Tank has over 24 years of work experience in the Financial Services Industry. She is been associated with 360 ONE Asset Management Limited (360 ONE AMC) since 2021. Prior to joining 360 ONE AMC, she has worked with Invesco Mutual Fund as a Head service for over 11 year.
Mr. Pravin Nadgouda	Chief Risk Officer	51	FRM/CAIA/CFA (ICFAI), B.Sc Physics	24	Mr. Nadgouda has over 24 years' experience working with Asset Management business, Family Office, Insurance industries across functions like Risk Management, Business Process Reengineering, Compliance Oversight, Operations.  Prior to joining 360 ONE AMC, Mr. Nadgouda was the Head-Risk & Compliance at Premji Invest for a period of 3 years. He also held the position as the

Name	Designation	Age (years)	Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years
					Head Risk at Franklin Templeton Mutual fund for 10 years.
Mr. Somesh Patil	Chief Information Security Officer (CISO)	31	Bachelor of Engineering	8.5	Mr. Patil has an experience of 8.5 years in Cyber Risk consulting and Risk management for BFSI clients, IT and cyber security governance and audit. He also has an experience in implementation and audit of ISO standards (ISO 22701, ISO 22301), IT infrastructure review, review of security products, SIEM, Firewall, WAF. Prior to joining 360 ONE AMC, Mr. Patil was associated with PwC India.
Mr. R Sunil Nair	Lead-Operations	52	B.com	25	Mr. Nair has around 25 years wherein he has managed transaction volumes, the service provider and regulatory interactions. Mr. Nair has worked as Chief Operation Officer with MF Utilities India Private Limited where he was heading the operations functions. Prior to this Mr. Nair has headed the operations and settlement functions in Reliance Securities Limited and he has worked around 10 years experience working in Nippon Life India Asset Management Limited in the Operations Functions.
Ms. Sonali Tendulkar	Compliance Officer	39	B. Com and Company Secretary (ACS)	16	Ms. Tendulkar has around 16 years of experience in the field of Compliance, Secretarial and Legal, predominantly in the financial service sector. Ms. Tendulkar joined 360 ONE in January 2019. Prior to joining 360 ONE, Ms. Tendulkar was associated with organizations like HDFC AMC, BNP Paribas Asset Management.

#### Information of Investment Team

In addition to Fund Manager, the Investment Team comprises of the following members:

Name	Designation	Age (years)	Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years
Ms. Ruchi Rastogi	Dealer – Equity & Debt	45	MBA	16	Ms. Ruchi has 16 years of experience in securities market including her association with India Infoline Limited for 6 years. Before joining 360 ONE, she was working with Kotak Securities Limited for 4 years.

Mr. Krunal Bauva	Dealer – Debt	39	Bachelor's in Commerce (B.Com.)	11	Mr. Bauva has over 11 years of experience in the financial services industry. Prior to joining 360 ONE Asset Management Limited, he was associated with Phronesis Capital as a Broker for Fixed Income instruments and Smest Advisory as Fixed Income Dealer. Mr. Krunal holds a Bachelor's Degree in Commerce.
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### III. SERVICE PROVIDERS

Service Provider	Name	Address	SEBI Regn. No.
Custodian	<b>Deutsche Bank AG</b>	Sir Hazarimal Somani Marg, Fort Mumbai 400001	IN/CUS/003
	<b>Orbis Financial Corporation Limited (For commodities and ETCDS)</b>	4A, Ocus Technopolis, Sector 54, Golf Club Road Gurgaon 122002, Haryana, India	IN/CUS/020
Registrar and Transfer Agent	<b>Computer Age Management Services Limited (CAMS)</b>	No.178 (New No.10), M.G.R. Salai (formerly Known as Kodambakkam High Road), Nungambakkam, Chennai - 600 034.	INR000002813
Statutory auditor	<b>PricewaterhouseCoopers Private Limited</b>	252, Veer Savakar Marg Shivaji Park Dadar Mumbai – 400028, Maharashtra, India	NA
Legal counsel	There is no retained legal counsel to the Mutual Fund/AMC. However, the AMC uses the services of renowned legal counsel, if need arises.		NA
Fund Accountant	<b>Deutsche Bank AG</b>	Sir Hazarimal Somani Marg, Fort Mumbai 400001	NA
Professional Clearing Member	<b>HDFC Bank Limited</b>	HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013	NA
Collecting Banker	During the New Fund Offer of the Scheme, the AMC may appoint banks(s) registered with SEBI as Collecting Banker(s) to accept the applications for investment into the Scheme on such terms and conditions as may be decided by the AMC from time to time. The list of the Collecting Bankers will be disclosed in the SID as and when the Schemes are launched.		

The Custodian will keep in safe custody all the securities and other instruments belonging to the Fund, ensure smooth inflow/outflow of securities and such other instruments as and when necessary in the best interest of the Unit holders, and ensure that the benefits due to the holdings are recovered. The Custodians will charge the Fund a fee as per the respective Custodial Agreement as amended from time to time. The AMC & the Trustee reserves the right to change the Custodian at their discretion.

The Board of the Trustee Company and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints. The AMC also obtains services from CAMS for electronic connectivity in case of Schemes of 360 ONE Mutual Fund listed on the recognised exchange(s) or available on online platform of BSE and/or NSE.

**IV. CONDENSED FINANCIAL INFORMATION (CFI)** *for all the investment strategies launched by SIF during the last three fiscal years (excluding redeemed investment strategies) in the format given below*

**Presently, this disclosure is not applicable.**

## V. RISK FACTORS

### 1. Standard Risk Factors

#### a. Standard Risk Factors for investments in SIF

- Investment in Specialized Investment 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 depending on the factors and forces affecting the capital market/bullion market.
- Past performance of the Sponsors/AMC/Specialized Investment Fund does not guarantee the future performance of the Scheme.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and the returns. Investors are therefore urged to study the terms of offer carefully and consult their Investment Advisor before they invest in the Scheme.
- The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Investment Strategy beyond the initial contribution made by it of an amount of Rs. 1 Lac towards setting up of the 360 ONE Mutual Fund.

The present Investment Strategy is not a guaranteed or assured return Investment Strategy.

#### b. Risks associated with different derivative strategies including derivative strategies as applicable for the SIF.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. 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 the 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. The use of a derivative requires an understanding not only of the underlying instrument but 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 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 “counterparty”) 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, illiquidity risk whereby the Scheme may not be able to sell or purchase derivative quickly enough at a fair price. 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.

#### c. Other risk factors (viz. Swing pricing, investment in CDMDF, LRM etc.) Not applicable

## 2. Special Considerations

Prospective investors should review/study Statement of Additional Information along with Investment Strategy Information Document (ISID) of the respective Schemes 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, 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, 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.

Any changes in SEBI/Stock Exchange/RBI regulations and other applicable laws/regulations could have an effect on such investments and valuation thereof.

DynaSIF/AMC/ Trustee has not authorised any person to issue any advertisement or give any information or make any representations, either oral or written, not stated in the ISID of the respective Schemes Prospective investors are advised not to rely upon any information or representations not incorporated in the ISID as the same have not been authorised by the Fund or the AMC. Purchase or redemption made by any person on the basis of statements or representations which are not contained in the ISID or which are not consistent with the information contained herein shall be solely at the risk of the investor. The investors are requested to check the credentials of the individual, firm or other entity they are entrusting his/her application form and payment to, for any transaction with the Fund. The Fund shall not be responsible for any acts done by the intermediaries representing or purportedly representing such investor.

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.

If a unit holder makes a redemption request directly with the Fund immediately after purchase of units, the Fund shall have a right to withhold the redemption request till sufficient time has elapsed to ensure that the amount remitted by him (for purchase of units) is realized and the proceeds have been credited to the Scheme's Account. However, this is only applicable if the value of redemption is such that some or all of the freshly purchased units may have to be redeemed to effect the full redemption.

The tax provisions described in this SAI 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 advice received by the AMC regarding the law and practice currently in force in India as on the date of this SAI 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.

The Specialized Investment Fund may disclose details of the investor's account and transactions there under to those intermediaries whose stamp appears on the application form or who have been designated as such by the investor. In addition, the Specialized Investment Fund may disclose such details to the bankers, as may be necessary for the purpose of effecting payments to the investor. The Specialized Investment Fund may also disclose such details to regulatory and statutory authorities/bodies as may be required or necessary.

In case the AMC or its Sponsor or its Shareholders or their affiliates/associates or group companies make substantial investment, either directly or indirectly in the Scheme, Redemption of units by these entities may have an adverse impact on the performance of the Scheme. This may also affect the ability of the other Unitholders to redeem their units.

## VI. HOW TO APPLY?

**This section should be read in conjunction with the section 'Units and Offer' of the respective ISIDs.**

Investors can subscribe for units of open-ended Investment Strategy(s) launched under DynaSIF from time to time, during the New Fund Offer (NFO) Period and/or Continuous Offer Period.

For close-ended Investment Strategy (s)/Interval Investment Strategy launched by the DynaSIF from time to time, investors can subscribe for the units only during the NFO period. The units of all close ended/ Interval Investment Strategies will be listed on a recognized stock exchange. The units held in dematerialized form can be traded on the Stock Exchange. Unit holders holding the units by way of an account statement (physical form) will not be able to redeem their units during the tenor of the Investment Strategy and there will be redemption by DynaSIF on the maturity of the Investment Strategy

The application forms (forming part of the Key Information Memorandum (KIM) or common transaction forms for the purchase of units of the SIF Investment Strategy will be available and accepted at all the Official Points of Acceptance namely the Collecting Bank Branches, if any (during the NFO period), AMC Branches, Registrar's CSCs, Distributors (with which DynaSIF and RTA would have an arrangement from time to time) SIF's Distributors/Channel Distributors and during their business hours on their respective business days or any other source as may be decided by the AMC from time to time. (Addresses of Official Points of Acceptance and CSCs are given on the last page of the document)

Application forms (forming part of the KIM) are also available on our website at <https://www.360.one/dyna-sif> Investors are advised to use the prescribed Application Form/ SIP debit form & SIP form provided in the KIM, and other standard forms available at the CSCs or the website of the Fund (<https://www.360.one/dyna-sif>) for any financial / non-financial transactions.

The duly completed Application Form along with the payment instrument and requisite documents may be submitted at the designated Official Points of Acceptance of the SIF. During the NFO period, investors can also subscribe to the units of the SIF Investment Strategy through the ASBA process, explained in detail under the section 'Additional mode of payment through Applications Supported by Blocked Amount ("ASBA")'. During the Ongoing Offer, the applications submitted at the Official Points of Acceptance will be time stamped and the acknowledgement slip in the application form will be returned to acknowledge receipt of the application, subject to verification. No other form of acknowledgement will be issued. Investors are requested to retain the acknowledgement slip initialed/ stamped by the Official Points of Acceptance.

Additionally, the transaction requests can be sent to mfrx@360.one (email id) which is dedicated for receiving transaction requests. Please refer SAI for the terms and conditions applies to the transactions received through this mode.

The following terms and conditions shall apply to the transactions received through this mode and shall be binding on the Investor:

- 1) All signed transaction requests will be deemed to be valid, where applications, transaction slips, forms, relevant supporting documents and payment instruments are received only on the said email id. These documents shall only be accepted if they are in non-editable formats like PDF, JPG etc. The AMC may not acknowledge the receipt of the email requests.
- 2) The AMC shall not verify the identity of the person sending the email requests.
- 3) The transaction request sent on the said email id will be time-stamped once it is received on the email server of the AMC and it shall be considered as final and binding for determining the applicable Net Asset Value (NAV).
- 4) The AMC reserves the right to change/add the email id(s) from time to time, and the same shall be updated on its website.
- 5) 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 AMC will be held harmless for any loss if any, suffered by the Investor for processing such transactions.
- 6) The Investor acknowledges that it is a web based service and that transmissions may not be properly received and may be inadvertently read. Investor agrees that the risk of misunderstanding and errors shall be borne by the Investor and the AMC shall not be responsible for such breach and shall not be liable for any claims, liability, loss, damage, cost or expenses arising from such misunderstanding or errors caused in transmission.
- 7) Investor shall indemnify the AMC from and against all claims, liability, loss, damage, cost and expenses incurred by the AMC arising out of or relating to:
  - AMC acting pursuant to, in accordance with or relying upon any email requests received or AMC not processing the email requests for any reason.
  - Any unauthorised or fraudulent email request received by the AMC. The Investor also agrees and undertakes to execute any other documents indemnifying the AMC.
- 8) 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 investors' convenience, the SIF also provides additional facilities for transaction in units, explained below in detail under the heading 'Additional facilities' in this section.

### **Terms and Conditions applicable to non -individual investors for availing the facility to transact through Electronic Mail**

As per the AMFI Best Practice Guidelines Circular No. 118/2024-25 dated January 31, 2025 on 'Acceptance of Financial transactions through email in respect of non – individual investors', effective May 01, 2025, the terms and conditions for acceptance of/processing of financial transactions from non-individual investors routed via emails shall include the following:

A. Non-individual investors submitting financial transactions through email are required to submit the following additional documents:

- A copy of the Board resolution or an authority letter on their letter head (signed by competent authority), granting appropriate authority to the designated officials of their entity.
- Board resolution/authority letter explicitly consisting of:

- (i) List of approved authorized officials who are authorized to transact on behalf of non-individual investors along with their designation and email IDs.
- (ii) An Undertaking that the instructions for any financial transactions sent by email by the authorized officials shall be binding upon the entity as if it were a written agreement.
- B. Financial transactions for Non-individual investors, submitted by registered Mutual Fund Distributors/authorised third party are required to submit the following additional documents:
- Authorization letter from the non-individual investor authorizing the Mutual Fund Distributors/ third party to send the scanned copies of signed transaction form/request letter on behalf the non-individual investor.
  - In such cases, the non-individual investor's registered email ID shall also be copied in the email sent by the MFD/person sending the scanned copies of the duly signed transaction form/request letter.
- C. The scanned copies of the signed transaction form/request letter bearing wet signatures of the authorized signatories received from some other official or employee of non-individual investor or through a registered MFDs/third party authorized by the investor shall be accepted subject to following requirements:
- a. The email is also copied to registered email ID of the authorized official/signatory of the non-individual investor and
  - b. The domain name of the email ID of the sender of the email is from the same organization's official domain name.
- D. Where the transaction is executed electronically with a valid Digital Signature Certificate (DSC) or Aadhar based e-signatures of the authorized officials, it shall be considered valid, and the same shall be binding on the non-individual investor even if the same is not received from the registered email id of authorized officials. However, the domain name of the email ID through which such email is received should be the same as the non -individual investor's official domain name.
- E. Any change in the registered email id/contact details shall be accepted only from the designated officials authorized to notify such changes vide board resolution/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.
- F. No change in/addition to the bank mandate or any non-financial transactions 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 authorized signatories with wet signature of the designated authorized officials.
- G. 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 resolution/authority letter on the entity's letter head.
- H. Investor is aware of all the risks involved in transacting through email mode and that the investor is also aware of the risks involved including those arising out of transmission of electronic mails.
- I. 360 ONE AMC /RTA shall not be liable in case the transaction sent or purported to be sent by the investor is not received by the 360 ONE AMC/ RTA due to any reason and hence not processed.
- J. Investor availing the facility for submitting financial transactions via email shall retain records of such transactions in line with the applicable laws / regulations.

K. Investor should maintain adequate safeguards / measures to ensure the security of email communication.

L. Investor should follow appropriate procedure for addition/deletion in the name of authorized signatories of the Investor along with the manner of notification of the same to the 360 ONE AMC.

**While applying for purchase of units in the units of the SIF , Investors should note the following:**

1. All subscription cheques / drafts / other payment instruments (Pay Order, banker's cheque etc) must be drawn in favour of the Investment Strategy in which the investor proposes to invest and should be crossed "Account Payee only". To prevent fraudulent practices Investors are urged to make the Payment Instruments favouring "Name of the Investment Strategy A/c. First Investor Name" OR "Name of the Investment Strategy A/c. Permanent Account Number" OR "Name of the Investment Strategy A/c. Folio Number". The Investment Strategy name on the application form and the payment instrument should be same. If the Investment Strategy name on the application form and on the payment, instrument is different, the application will be processed, and units allotted at applicable NAV of the Investment Strategy mentioned in the application / transaction slip duly signed by investor(s).
2. Each application must be accompanied by a separate cheque or Demand Draft or such other payment instruments or / electronic transfer of funds by way of direct credit / RTGS / NEFT. Further, for investments under different Investment Strategies /Plans/Options, separate cheques/DDs/other payment instruments should be attached. Single cheque of a consolidated amount for more than one application/ Investment Strategy /Plan/Option or multiple cheques/drafts for investment in a particular Investment Strategy /Plan/Option will not be accepted.
3. Multiple cheques with single application, outstation cheques, cash, money orders, postal orders, or postdated cheques (postdated cheques for investments under SIP for notified Schemes will be accepted) or Third-Party Payment Instruments (except in certain cases; explained elsewhere in this document), will be accepted at the discretion of AMC.  
The Cheque/DD should be payable locally at the centre where the Application is submitted. The Cheque / DD should be drawn on any Bank which is situated at and is a member / sub-member of the Bankers' Clearing House, located at the place where the application is submitted. Cheques / DDs drawn on a Bank not participating in the Clearing House will not be accepted. The AMC will reimburse demand draft charges for purchase of units by investors residing at location where the Investor Service / Collection Centers are not located. No demand draft charges will be reimbursed by the Fund for purchase of Units by investors residing at such locations where the Customer Service Centers/Collection Centers are located.
4. Payout Bank Details: A Cancelled Cheque leaf should be accompanied if the payout bank account differs from the investment bank account.
5. Applicants need to specify the 'mode of holding' in the Application Form as given below:
  - a. In case of sole applicant, the mode of holding should be specified as "Single"
  - b. In case of two or more applicants (maximum permitted being three applicants), the mode of holding should be specified as 'Joint" or "Anyone or Survivor"
  - c. In case of account/ folio opened on behalf of a minor, the minor shall be the first and the sole holder in the account/folio.
  - d. There shall not be any joint accounts with minor as the first or joint holder.

If mode of holding is specified as 'Joint', all transactions / instructions will have to be signed by all the joint unit holders, while for mode of holding specified as "Anyone or Survivor", all transactions / instructions may be signed by any one of the unitholders. However, in all such

cases, the Income Distribution cum Capital Withdrawal / redemption proceeds will be paid to the first named applicant / unitholder (as determined by the records of the RTA). Further, the first named unitholder shall receive the account statements, all notices and correspondences with respect to the folio, or Income Distribution cum Capital Withdrawals or other distributions and also have the voting rights, as permitted, associated with such units.

Service of a notice on or delivery of a document to any one of several joint Unit holders shall be deemed effective service on or delivery to the other joint Unit holders. Any notice or document so sent by post to or left at the address of a Unit holder appearing in the Register shall notwithstanding that such Unit holder be then dead or bankrupt and whether or not the Trustee or the AMC has notice of such death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under the Unit holder) in the Units concerned.

Investors are advised to go through the sections titled 'Transfer and Transmission of Units' and 'Nomination Facility' before selecting the relevant box pertaining to the mode of holding in the Application Form.

If the mode of holding is not specified by the Investors in the Application Form or is unclear, it will be treated as "Joint", where there are two or more applicants.

6. Investors should provide the details /fill the form only in the space/ boxes provided in the relevant forms. Any details/ 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.
7. It is expressly understood that at the time of investment, the investor/ unitholder has the express authority to invest in units of the SIF and the AMC / Trustee / Mutual Fund/SIF will not be responsible if such investment is ultra vires the relevant constitution. Subject to the Regulations, the AMC/ Trustee may reject any application received in case the application is found invalid/ incomplete or for any other reason in the AMC's/ Trustee's sole discretion.
8. Dishonoured cheques are liable not to be presented again for collection, and the accompanying application forms are liable to be rejected.
9. The Trustee, reserves the right to recover from an investor any loss caused to the Investment Strategy on account of dishonour of cheques issued by the investor for purchase of Units of this Scheme.
10. For subscription in the Investment Strategy, it is mandatory for investors to make certain disclosures as stated in the application form and provide certain documents like PAN /KRA – KYC Complied copy etc. without which the application is liable to be rejected.
11. The AMC and the Trustee reserve the right to disclose the details of the investors and their transactions to banks, registrar, any other person/ organisation 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.
12. Subject to the SEBI (MF) Regulations, any application for units of SIF may be accepted or rejected in the sole and absolute discretion of the Trustee/AMC. The Trustee/AMC may inter-alia reject any application for the purchase of units if the application is invalid or incomplete or if the Trustee for any other reason does not believe that it would be in the best interest of the Investment Strategy or its unitholders to accept such an application.
13. Applications must be completed in block letters in English. Signatures should be in English or in any Indian language specified in the Eight Schedule of the Constitution of India. Thumb impressions (left hand for males and right hand for females) and signatures in languages not specified in the Eight 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.

14. 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 from the Unit holder and will be on a prospective basis only from the date when the Registrar executes such written instruction.

### **Guidelines for Processing of transactions received under Regular Plan with invalid ARN**

Transactions received in Regular Plan with Invalid ARN to be processed in Direct Plan of the same Investment Strategy (even if reported in Regular Plan), applying the below logic:

Transaction Type	Primary ARN			SUB distributor ARN		EUIN*	Execution Only Mentioned	Regular Plan / Direct Plan
	Valid	Invalid	Empanelled	Valid	Invalid	Valid	Yes	
Lump Sum/	Y		Y				Y	Regular
Registration	Y		N	Not applicable				Direct
	Y		Y	N.A.	N.A.	N.A.	N	Regular*
	Y		Y	Y		Y		Regular
		Y						Direct
	Y		Y	Y			Y	Regular
	Y		Y		Y			Direct
Trigger	Y			Not applicable				Regular
		Y		Not applicable				Direct

**Note:**

- \*If the EUIN is invalid/missing, the transactions shall be processed in Regular plan, and the distributor/investor shall be given 30 day period from the date of the transaction for remediation of the EUIN. In such cases, the investor to be advised to either provide a different EUIN linked to the ARN who would be engaged in servicing the investor OR switch to Direct Plan. The commission shall not be paid to the ARN holder if the Switch transaction does not happen, or fresh EUIN is not provided within 30 days. The commission may be paid if the fresh EUIN is provided by client within 30 days.
- For SIP & STP facilities, the ARN validity shall be verified / validated at the time of registration. For instances where the registration details not available in RTA records the transaction shall be treated as lumpsum purchase for validations. Distributors must reconcile the active / inactive SIPs with RTA's at regular intervals.
- SIPs registered under ARN of deceased to continue till end of SIP registration period or investor's request as per AMFI guidelines; No fresh transactions or SIPs to be booked under the ARN of deceased MFD post cancellation of ARN at AMFI.
- Only Sub-distributor's ARN with valid "ARN-" values in the transaction will be considered for validation of Sub- distributor ARN for all types of transactions (lumpsum/SIP/STP).
- If the ARN is invalid as on date of SIP / STP registration, such registration and future transactions thereunder will be processed under DIRECT plan.
- Transactions other than the physical mode which are found to be not in order basis above matrix, will be rejected at the time of upload / submission for following reasons:

- To give opportunity for the intermediary / platform to rectify details before submitting transactions or to report transactions as DIRECT.
  - If these transactions are accepted and processed as DIRECT, the intermediary placing the transaction will not be receiving reverse feeds and hence will not be able to reconcile.
  - Since the validation cannot be carried out at the time of acceptance or transactions received in physical form, the same will be done at the time of processing the transaction, and if found to be invalid, the transaction will be processed under DIRECT.
- Dividend reinvestment transactions, being a corporate action, will be excluded from the above validation.
15. Applications should be made in adherence to the minimum requirements pertaining to the minimum purchase amounts.
  16. The investors should ensure that the amount invested in the Investment Strategy is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of any act, rules, regulations, notifications or directions of the provisions of Income Tax Act, Prevention of Money Laundering Act, and / or any other applicable laws enacted by the Government of India from time to time.
  17. In case of payments received from a Bank Account which is not registered, and the first unitholder's name is not preprinted on the payment cheque, unit holder should mandatorily attach supporting documents as required by the fund, like bank certificate, bank passbook copy or statement to prove that the funds are from a bank account held by first unit holder only. If the documents are not submitted with the application, the fund reserves the right to reject the application without any liability whatsoever or call for additional details, at its discretion. In any instance, where, post verification it is found that the payment, in any mode, is not made from a registered bank account or is made from an account where the first named unit holder is not an Account holder / one of the account holder in case of Joint Bank Account, the AMC/R&T, reserves the right to reject the transaction / subscription application, without any liability.
  18. Facility of National Automated Clearing House (NACH) Platform in Systematic Investment Plan(SIP): 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 will enable the unit holders of the Fund 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 SIP application form.
  19. Any decision of 360 ONE AMC about the eligibility or otherwise of a person to transact under the scheme shall be final and binding on the applicant. 360 ONE AMC shall have the right to accept and/or to reject/compulsorily redeem the transaction at its sole discretion.

### **Investment by NRIs/ FPIs**

The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (the "FEMA Regulations") permit a NRI / PIO to purchase on repatriation or non-repatriation basis, units of domestic mutual funds. Payment for such units must be made either by: (i) inward remittance through normal banking channels; or (ii) out of funds held in the NRE / FCNR account, or (iii) Indian Rupee drafts purchased abroad, in the case of purchases on a repatriation basis or out of funds held in the NRE / FCNR / NRO account, in the case of purchases on a non-repatriation basis. In case Indian Rupee drafts are purchased abroad or from FCNR/ NRE accounts, an account debit certificate from the bank / financial entity issuing the draft confirming the debit shall also be enclosed. NRIs shall also be required to furnish such other

documents as may be necessary and as desired by the AMC / SIF/Registrar, in connection with the investment in the Investment Strategies. FPI shall pay their subscription either by 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 authorised dealer in accordance with the relevant exchange management regulations.

#### **A. Who can invest?**

The following persons are eligible to apply for subscription to the units of any of the SIF launched by the Fund, from time to time, (subject to, wherever relevant, subscription to units of the SIF being permitted under the respective constitutions and relevant statutory regulations):

a. Indian resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;

b. Hindu Undivided Family (HUF) through Karta of the HUF;

Minor (as the first and the sole holder only) through a natural guardian (i.e. father or mother, as the case may be) or a court appointed legal guardian. There shall not be any joint holding with minor investments;

Note: 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.

Minor Unit Holders, on becoming major, may inform the Registrar about attaining majority, and provide his specimen signature duly authenticated by his parent/ guardian, whose signature is registered in the records of the mutual fund/RTA (against the folio of minor unitholder) and if the parent/ guardian is unavailable or unable to attest, then by the banker. All cheques and bank drafts accompanying the application form should contain the application form number on its reverse. It is mandatory for every applicant to provide the name of the bank, branch, address, account type and number as per SEBI requirements and any Application Form without these details will be treated as incomplete. Such incomplete applications will be rejected. The Registrar/AMC may ask the investor to provide a blank cancelled cheque or its photocopy for the purpose of verifying the bank account number.

c. Partnership Firms and Limited Liability Partnerships (LLPs);

d. Proprietorship in the name of the sole proprietor;

e. Companies, Bodies Corporate, Public Sector Undertakings (PSUs), Association of Persons (AOP) or Bodies of Individuals (BOI) and societies registered under the Societies Registration Act, 1860;

f. Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions;

g. Mutual Funds / Alternative Investment Funds registered with SEBI;

h. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and private trusts authorised to invest in mutual fund schemes under their trust deeds;

i. Non-Resident Indians (NRIs) / Persons of Indian origin (PIOs) residing abroad on repatriation basis or on non-repatriation basis;

j. Wakf Boards or endowments and Registered Societies (including registered co-operative societies) and private trusts authorized to invest in units;

k. Foreign Portfolio Investor (FPI), registered with SEBI. These investments shall be subject to the conditions prescribed by SEBI, RBI, Income Tax authorities and the AMC, from time to time.

l. Army, Air Force, Navy and other para-military units and bodies created by such institutions;

m. Scientific and Industrial Research Organizations;

- n. Multilateral Funding Agencies / Bodies Corporate incorporated outside India with the permission of Government of India / RBI;
- o. Provident Funds, Pension Funds, Gratuity Funds and Superannuation Funds to the extent they are permitted;
- p. Other Investment Strategies of DynaSIF subject to the conditions and limits prescribed by SEBI (MF) Regulations;
- q. Trustee, AMC or Sponsor or their associates may subscribe to units under the Investment Strategy;
- r. Such other individuals /institutions/ body corporates etc., as may be decided by the AMC from time to time, so long as, wherever applicable, subject to their respective constitutions and relevant statutory regulations.

The list given above is indicative and the applicable laws, if any, as amended from time to time shall supersede the list

## **B. Who Cannot Invest?**

The following persons are not eligible to invest in the Investment Strategy :

- a. Any individual who is a foreign national or any other entity that is not an Indian resident under the Foreign Exchange Management Act, 1999 (FEMA) except where registered with SEBI as a FPI or sub account of FPI or otherwise explicitly permitted under FEMA Act/by RBI/by any other applicable authority;
- b. Pursuant to RBI A.P. (DIR Series) Circular No. 14 dated September 16, 2003, Overseas Corporate Bodies (OCBs) cannot invest in Mutual Funds
- c. NRIs residing in Non-Compliant Countries and Territories (NCCTs) as determined by the Financial Action Task Force (FATF), from time to time.
- d. A person who falls within the definition of the term “U.S. Person” under the Securities Act of 1933 of the United States, and corporations or other entities organized 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, except for lump sum subscription and switch transactions requests received from Non-resident Indians/Persons of Indian origin who at the time of such investment, are present in India and submit a physical transaction request along with such documents as may be prescribed by 360 ONE Asset Management Company Limited from time to time. The AMC shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the AMC. The investor shall be responsible for complying with all the applicable laws for such investments. 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.
- e. person who is resident of Canada
- f. Such other persons as may be specified by AMC from time to time.

## **PAN mandatory for all Investors:**

It is mandatory for all investors (including joint holders, guardians of minors and NRIs) to quote their Permanent Account Number (PAN) and submit certified copy of the PAN card issued by the Income Tax Department, irrespective of the amount of investment, while making an application for purchase of Units of the SIF. Investors will be required to submit the original PAN card for verification. In case of joint holding, PAN details of all holders should be submitted. In case the application is on behalf of a minor, PAN details of the guardian must be submitted.

Transactions by unit holders/investors who fail to submit certified copy of PAN card are liable to be rejected.

As per clause 14.11 of SEBI Master Circular dated June 27, 2024 investors residing in the state of Sikkim and Central Government, State Government and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government) respectively are exempted from the mandatory requirement of PAN for their investments in Mutual Funds. However, this would be subject to verification of the veracity of the claim of the investors by collecting sufficient documentary evidence. The requirements pertaining to PAN & KYC shall be as prescribed by applicable Regulations read with various amendments, circulars, notifications issued from time to time.

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. All 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. For existing investors, redemption is allowed even if the of KYC status is on Hold or Rejected. For new investors, KYC status "NEW KYC Validated" is mandatory, with exception to NRI investors who can continue to use their "KYC Registered – New KYC" status till 30th April'2026.

The AMC reserves the right to ask for the necessary documentation to the satisfaction of the Mutual Fund. Applications without the aforesaid details are liable to be rejected without any reference to the investors.

### **C. Prevention of Money Laundering and Know Your Client ('KYC') requirements:**

In accordance with requirements under the Prevention of Money Laundering Act, 2002, (PMLA) the Rules issued there under and the guidelines and circulars on Anti-Money Laundering issued by SEBI, (collectively "AML Regulations"), mutual funds are required to formulate and implement Client Identification Programme to verify and maintain the record of identity and address(es) of investors. This is commonly referred to as 'Know Your Client' guidelines (KYC). The investor(s) should ensure that the amount invested in the Investment Strategy is through legitimate sources only and does not involve and is not designed 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 applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued thereunder.

KYC requirements will have to be complied with for any amount of investment not limited to the following transactions:

- a. New / Additional Purchases
- b. Switch Transactions,
- c. SIP Registrations (including SIP related products).
- d. STP Registrations (including STP related products like trigger facilities).

With a view to bringing about an uniformity in the KYC requirement and a mechanism for centralization of the KYC records in the securities market, SEBI has mandated that an investor who deals with any of the SEBI Registered Intermediaries ('Intermediaries'), viz. Depository Participants (DPs), Mutual Funds, Portfolio Managers, etc. shall be required to get registered with KYC Registration Agency (KRA) by submitting with any one of the SEBI Registered KRAs the common KYC form along with supporting documents. Once registered with KRA, an investor will be considered as '**KRA KYC Complied**' and able to deal with any Intermediary.

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. 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.

**Notes:**

- "KYC is one-time exercise while dealing in securities markets - once KYC is done through a SEBI registered intermediary (broker, DP, Mutual Fund, SIF etc.), the investor need not undergo the same process again. Investors may however, note that the fund reserves the right to conduct enhanced KYC of its investors as may be commensurate with their respective risk profiles.
- As per SEBI/HO/MIRSD/DoP/P/CIR/2022/46 dated April 06, 2022, KRAs have validated the KYC records by 30th April'2023 and marked validated KYC records as 'KYC Validated'. Further for KYC records which could not be validated, the status is unchanged and if not validated accounts associated to those PANs will be frozen for any transaction till KYC record gets validated. It is mandatory for investors to validate their email ID and Mobile number associated with KYC.
- KRA KYC acknowledgement has to be submitted for all holders including POA, guardian, etc.
- Any subsequent change to Address, Pin Code, Country, Nationality, Occupation, Income details, Date of Birth, Proof of Identity should be done with KRA and such change in KRA records will overwrite the records maintained with the AMC.
- In Person Verification need to be carried out by the Know Your Distributor (KYD) registered Distributors who hold valid certifications issued by NISM/AMFI. For investors who deal under "Direct" broker code (without any distributor), the IPV conducted by Scheduled Commercial Banks will also be relied upon.

Pursuant to the provisions of the Prevention of Money Laundering Act, 2002, if after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, on failure to provide required documentation, information etc. by the Investor, the AMC shall have absolute discretion to report such suspicious transactions to FIU-IND and / or to freeze the units under folios of the Investor(s), reject any application(s)/ allotment of units. The Mutual Fund, Trustee, AMC and their respective Directors, employees and agents shall not be liable in any manner whatsoever for any claims arising 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 Prevention of Money Laundering Act, SEBI circulars, AML Policy and / or where the AMC believes that transaction is suspicious in nature within the purview of the Act and SEBI circulars and reporting the same to FIU-IND.

**a. Investments from Investors residing in Sikkim:**

**Documents required:**

- Proof of address of Sikkim state and application form should mention the same address.
- Address proof shall be self attested by the investor / attested by the ARN holder mentioning the ARN number or attested by any competent authority.
- Proof of identification.

The above category of investors for the purpose of KYC compliance shall include, if applicable

- their constituted Power of Attorney (POA) holder, in case of investment through a POA,
- each of the applicants, in case of application in joint names,
- guardian, in case of application on behalf of minor,
- in case of pledge/lien, institution in whose favour the pledge/ lien has been made,

- any person making payment on behalf of the account holder(s), to the extent permitted under paragraph on 'Non -acceptance of Third Party Payment Instruments for subscriptions / investments'

Separate procedures are prescribed for change in name, address and other KYC related details, should the applicant desire to change such information. POS will extend the services of effecting such changes. Once KYC is completed, any changes to KYC data can be done only through the POS and not through the Registrars and Transfer Agents. These changes will be updated in the database maintained by the RTA.

The AMC/ Trustee shall have absolute discretion to reject any application, prevent further transactions by a unit holder, if after due diligence, the investor/ unit holder/a person making the payment on behalf of the investor does not fulfil the requirements of the AML Policy or the AMC/ Trustee believes that the transaction is suspicious in nature with regard to money laundering.

The Fund will adhere to such guidelines / procedures as may be issued by SEBI / any other regulatory authority in this regard from time to time.

**CKYC Process:**

SEBI vide circular no. CIR/MIRSD/66/2016 dated July 21, 2016 and circular no. CIR/MIRSD/120 /2016 dated November 10, 2016, has intimated about operationalization of Central KYC Records Registry (CKYCR). Further, AMFI vide circular dated December 22, 2016 has prescribed new CKYC forms which shall be applicable for prospective customers.

Accordingly, with effect from February 1, 2017, 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://www.360.one/dyna-sif> 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.

Further, SEBI vide circular no. SEBI/HO/MIRSD/DOP/CIR/P/2021/31 on Rollout of Legal Entity Template dated March 10, 2021 stated that CKYCR, in its communication no. CKYC/2020/11 dated January 04, 2021 has 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, on to CKYCR when the updated KYC information is obtained/received from the client, in terms of Rule 9 (1A) of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. RIs shall ensure that during such receipt of updated information, the clients' KYC details are migrated to current Client Due Diligence (CDD) standards,

To ensure that all existing KYC records of individual clients are incrementally uploaded on to CKYCR, RIs shall upload the KYC records pertaining to accounts of individuals opened prior to August 01, 2016, as and when updated KYC information is obtained/received from the client.

Where a client, for the purpose of establishing an account based relationship, submits a KYC Identifier to a RI, with an explicit consent to download records from CKYCR, then such RI shall retrieve the KYC records online from CKYCR using the KYC Identifier and the client shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless there is a change in the information of the client as existing in the records of CKYCR.

Once KYC Identifier is generated by CKYCR, the RIs shall ensure that the same is communicated to the individual/legal entity.

The provisions of the above stated circular are not applicable to Foreign Portfolio Investors (FPIs).

#### **D. Ultimate Beneficial Ownership (UBO)**

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, investors (other than Individuals) are required to provide details of Ultimate Beneficial Owner(s) (UBO(s)) and submit proof of identity (viz. PAN with photograph or any other acceptable proof of identity prescribed in common KYC form) of UBO.

It is mandatory for UBO holders to be KYC compliant with status either “New KYC Validated” or “KYC Registered – New KYC”.

##### **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:

- more than 10% of shares or capital or profits of the juridical person, where juridical person is a company.
- more than 10% of the capital or profits of the juridical person, where the juridical person is a partnership firm; or
- more than 10% 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, where 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 AMC/MF shall follow a risk based approach towards KYC requirements of FPIs based on the category.

**Foreign Account Tax Compliance Act (FATCA):**

As per the provisions of Foreign Account Tax Compliance Act (FATCA), an act enacted in US with an objective of reporting of foreign financial assets held by U.S. person, enhanced due diligence processes is required to be done by Foreign Financial Institutions ("FFI"). DynaSIF is deemed to be a FFI and accordingly the Fund would be required, from time to time, to;

- (i) undertake necessary due diligence process by collecting information/documentary evidence of the US/non-US status of the investors;
- (ii) disclose/report information as far as may be legally permitted about the holdings/investment returns pertaining to reportable accounts to the US Internal Revenue Service and/or such Indian authorities as may be specified under FATCA or other applicable laws and
- (iii) carry out such other activities as prescribed under the FATCA provisions, as amended from time to time.

FATCA due diligence will have to be directed at each investor/unit holder (including joint investors) and on being identified as a reportable person/specified US person, all the folios will be reported. Further, in case of folio with joint investors, the entire account value of investment portfolio will be attributable under each such reportable person.

Unit holders would therefore be required to furnish such information to the Fund/AMC, from time to time. The impact of FATCA is relevant not only at the point of on-boarding of the investors but also throughout the life cycle of the investor account / folio with the Fund. Hence investor(s) should intimate SIF/AMC within 30 days of such change in the FATCA related information provided by them at the time of initial subscription. Declaration under FATCA for determining the status of US Person should be provided by the investors in the form available on our website <https://www.360.one/dyna-sif>.

SIF/AMC reserves the right to reject any application or compulsorily redeem the units held directly or beneficially in case the applicant/investor fails to furnish the relevant information and/or documentation or is found to be holding units in contravention of the FATCA provisions.

Investors are advised to consult their tax advisors to understand the FATCA requirements and its implications in relation to their investment. However, given the complexity of the FATCA requirements, there is no assurance or guarantee that the Scheme will be able to comply, fully or partially, with the requirements of FATCA. Investors are advised to consult their own advisors regarding the possible implications of FATCA on their investment in the Scheme.

**Common Reporting Standard** - The New Global Standard for Automatic Exchange of Information: 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 holder's "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 in the "resident" countries.

Accordingly, with effect from November 1, 2015 all investors will have to mandatorily provide the details and declaration pertaining to FATCA/CRS for all new accounts opened, failing which the AMC shall reject the application.

### **EUIN Requirement**

Pursuant to SEBI Circular dated September 13, 2012, 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 new application forms/ transaction forms which will have spaces for the Sub broker ARN code and the EUIN. If EUIN is not mentioned in the application form, it will be assumed as Execution Only transaction.

### **E. Bank Account details mandatory for all Investors:**

In order to protect the interest of investors from fraudulent encashment of cheques, the current SEBI Regulations have made it mandatory for investors to mention in their application for purchase of Units, the bank name and account number where the payments are to be credited. Hence, for purchase of Units, Investors must provide the Investor's bank name, bank account number, branch address, and account type in the Application Form. Applications without these details will be treated as incomplete and rejected. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and / or any delay. The investor is required to provide "cancelled" original cheque or bank statement or copy of bank pass book page with the Investor's Bank Account number, name and address, at the time of registration of the investor's bank mandate and subsequent change in the investor's bank mandate. In case if a copy of the above documents is submitted, Investor shall submit the original to the AMC/ Service Centre for verification and the same shall be returned. Investors can register multiple bank accounts with the Fund. For details please refer paragraph on 'Registration of Multiple Bank Accounts' in respect of an Investor Folio given below in this document.

### **F. Mode of Payment:**

#### **a. Resident Investors**

Payment can be made by any of the following modes:

- By Cheque / Demand Draft / Pay Order / Banker's Cheque payable locally in the city of the designated CSCs in which the application form/transaction slip is submitted and drawn on a bank which is a member of the Banker's Clearing House of that city; or
- Electronic transfer of funds over the internet or by way of Direct Credit / RTGS / NEFT/NECS UPI/NACH etc. to designated Scheme collection account; or
- The NFO subscriptions can also be made by investors by availing ASBA facility by filling

up the ASBA Application Form and following the procedure as prescribed in the form. For further details on ASBA, please refer to the Section 'Additional mode of payment through Applications Supported by Blocked Amount ("ASBA")' given below in this Document.

- Investors may kindly note that Demand Draft charges will not be borne / reimbursed by the AMC for purchase of units of the Scheme(s) by investors.
- Applications accompanied by cheques / demand drafts not fulfilling the above criteria are liable to be rejected.
- In case of investments made in the name of a minor through a guardian by means of any mode, they 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. For existing folios, the AMCs shall insist upon a Change of Pay-out Bank mandate before redemption is processed. Documentary proof, thereof is to be attached, if not attached the AMC reserves the right to call for the same at a later date. 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. NRIs, PIOs and FPI**

Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) residing abroad / Foreign Portfolio Investors (FPIs) have been granted a general permission by Reserve Bank of India under Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 for investing in / redeeming units of the mutual funds subject to conditions set out in the aforesaid regulations.

NRIs and PIOs may purchase units of the Fund on a repatriation and non-repatriation basis, while FPIs may purchase units only on a repatriation basis.

A subscription by FPIs / Multilateral Funding Agencies, on full repatriation basis, is subject to approval by the Foreign Investment Promotion Board (FIPB). The account type shall be clearly ticked as NRE or NRO or FCNR, to enable the AMC determine the repatriation status of the investment amount. The AMC and the Registrar may ascertain the repatriation status purely based on the details provided in the application form.

• **Repatriation Basis:**

In case of NRIs and PIOs residing abroad, investing on repatriable basis, payments may be made either by inward remittance through normal banking channels or out of funds held in a Non- Resident (External) Rupee account (NRE)/ Foreign Currency (Non-Resident) account (FCNR). In case of Indian Rupee Drafts purchased abroad or out of funds held in NRE/ FCNR account, an account debit certificate from the bank issuing the draft confirming the debit to the Investor's account should also be submitted with the application form. In case the debit certificate is not provided, the AMC reserves the right to reject the applications. NRIs shall also be required to furnish such other documents as may be necessary and as desired by the Fund in connection with the investment in the Scheme(s).

FPIs may pay their subscription amounts either by inward remittance through normal banking channels or out of funds held in Foreign Currency Accounts or Non-Resident Rupee Accounts maintained with a designated branch of an authorised dealer.

In case Indian rupee drafts are purchased by the FN from abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts, an account debit certificate from the bank issuing the draft confirming the debit to the Investor's account shall also be enclosed. In case the debit certificate is not provided, the AMC reserves the right to reject the applications.

Payments shall be made by cheques / demand drafts crossed "Account Payee Only".

AMC may at its discretion accept subscription accompanied with foreign currency instrument. NAV applicable in such case would be of the date when the funds get credited into the Fund's account.

- **Non Repatriation Basis:**

In the case of NRIs investing on non-repatriable basis, payment may be made either by inward remittance through normal banking channels or cheque/demand drafts drawn out of funds held in an NRE / FCNR / Non-Resident Ordinary Rupee Account (NRO) maintained with an authorized dealer in India.

The Trustee/AMC, at its discretion, may choose from time to time to alter or add other modes of payment.

**G. Non – acceptance of Third Party Payment Instruments for subscriptions / investments:**

“Third Party Payment Instruments” means a payment made through an instrument issued from an account other than that of the Beneficiary Investor.

Applications to Investment Strategies of DynaSIF accompanied by a Third Party Payment Instrument shall not be accepted by the AMC except in the following cases:

- a. Payments made by Parents/ Legal Guardian on behalf of minor.
- b. Payments made by an Employer on behalf of employee under Systematic Investment Plans or lump sum / one-time subscription, through payroll deductions or deductions out of expense reimbursements
- c. Custodian making investments on behalf of an FPI or a Client.
- d. Payment by an empanelled Distributor on account of commission/incentive etc. in form of SIF units of the scheme as managed by AMC through SIP or lumpsum/one- time subscription subject to minimum investment amount
- e. Payment by Corporate to its Agent/Distributor/Dealer (similar arrangement with Principal – agent relationship), on account of commission or incentive payable for sale of its goods/services, in form of Mutual Fund units through SIP or lumpsum/one time subscription.

In case of payments from a joint bank account, the sole /first holder of the SIF folio should be one of the joint holders of the bank account from which payment is made. In case a payment is covered under above exceptions, the following additional documents are also required to be mandatorily provided together with the Application Form:

- a. The KRA status of the Investor and the person making the payment.; and
- b. A duly filled "Third Party Payment Declaration Form" from the Investor (guardian in case of a minor) and the person making the payment i.e. third party. The said form available on the AMC's website/ at the Customer Services Centres.
- c. Documentation for verification of source of funds

The AMC/ SIF reserves the right to accept applications, over and above the circumstances listed above, subject to completion of requisite documentation and additional checks and verification as stipulated by the AMC/SIF.

Further for identification of the source of the funds, the following process could be implemented by the AMC and the applicant / investor would need to submit documents as mentioned below:

- a) The AMC will identify third party cheques on the basis of either matching of pay-in bank account details with pay-out bank account details provided by the applicant / investor or by matching the bank account number / name / signature of the first applicant / investor with the name / account number / signature available on the cheque. In case the applicant / investor has registered multiple bank accounts with the AMC, pay-in from such registered single or multiple accounts can be treated as payments from the applicant's / investor's bank account.

b) If the payment for investments is made through pre-funded instruments such as pay order, demand draft, banker's cheque etc. investors should attach a certificate (in original) from the issuing banker with the Application Form, stating the bank account holder's name and the bank account number which has been debited for issue of the instrument, to enable the AMC/Registrar to check that the funds for investments have been debited from a pre-registered pay in account or from the account of the first applicant / unit holder.

d) If the payment for investments is made by RTGS, NEFT, ECS, bank transfer, etc., applicant / investor should attach to the Application Form, an acknowledged copy of the instruction to the bank also stating the bank account number which has been debited with the investment amount. The account number mentioned on the transfer instruction copy should be a registered bank account number or the first named applicant / unit holder should be one of the account holders in the bank account debited for such electronic transfer of funds.

e) If the payment for investments is made through net banking and debit cards (if such facility is available), the AMC will endeavour to obtain the details of the bank account debited from the payment gateway service provider and match the same with the registered pay-in accounts. In case, the payment is not made from a registered bank account or is made from an account not belonging to the first named applicant / unit holder, the AMC/Registrar shall reject the application. Currently, where investor details are not made available by the payment gateway service provider, the AMCs shall obtain the name of the bank making the payment for the subscription.

***Investors are requested to further note as follows:***

- a. Registration of Pay-in bank account: The investor at the time of his subscription for units must provide the details of his Pay-in bank account (i.e. account from which subscription payment is made) and his Pay-out bank account (i.e. account into which redemption / Income Distribution cum Capital Withdrawal are to be paid). The details on facility for registration of Multiple Bank Accounts are mentioned separately in this document.
- b. Subscription through pre-funded Instruments like Pay Order / Demand Draft etc.: In case of subscription through pre-funded Instruments such as Pay Order / Demand Draft / Banker's Cheque, such pre-funded instruments should be procured by the Investor only against a registered Pay-in account. Along with the payment instrument, the Investor is also required to submit a Certificate from the Banker issuing the pre-funded payment instrument stating the account holder's name and the account number from which the amount has been debited for the issue of the instrument. The said Certificate should be duly certified by the bank manager with his / her full signature, name, employee code, bank seal and contact number.
- c. Subscriptions through RTGS, NEFT, NECS, bank transfer etc.: In such case, Investor is required to provide a copy of the instruction which has been provided to the Bank indicating the account number and the debit instructions or the print out of the online bank instructions reflecting the NEFT Transfer.
- d. All the above mentioned documents, to the extent applicable, are required to be provided along with the Application Form. In case if the application for subscription is not in accordance with the above provisions, the AMC reserves the right to reject the application.

**H. Registration of Multiple Bank Accounts an Investor Folio and Procedure for Change of Address:**

**Registration of Multiple Bank Account:**

- a. Registering of Multiple Bank Accounts will enable the Fund to systematically validate the pay-in of funds and avoid acceptance of third party payments.
- b. Investors can register with the Fund upto 5 pay-in bank accounts in case of individuals and HUFs and upto 10 in other cases.

- c. In case of Multiple Registered Bank Account, Investor may choose one of the registered bank accounts for the credit of redemption/ Income Distribution cum Capital Withdrawal proceeds (being "Pay-out bank account").
- d. Investor may however specify any other registered bank accounts for credit of redemption proceeds at the time of requesting for the redemption. Investor may change such Pay-out Bank account, as necessary, through written instructions. If redemption request is received together with a change of bank account (unregistered new bank account) or before verification and validation of the new bank account, the redemption request would be processed to the currently registered default old bank account.
- e. For the purpose of registration of bank account(s), Investor should submit Bank Mandate Registration Form (available at the CSCs/ AMC Website) together with any of the following documents
  - Cancelled original cheque leaf in respect of bank account to be registered where the account number and names of the account holders are printed on the face of the cheque; or
  - Bank statement or copy of Bank Pass Book page with the Investor's Bank Account number, name and address.

**Updation or Change of Bank Account:**

Following process shall be followed for change or updation of bank accounts in the folio:

1. Investors shall submit duly filled in "Change of bank mandate & Registration of multiple bank accounts form" at any of the Customer Service Centres of the Fund.
2. The original of any of the following documents shall be required for new bank account:
  - (i) Cancelled original cheque with first unitholder name and bank account number printed on the face of the cheque OR
  - (ii) Self attested copy of bank statement OR
  - (iii) Bank pass book page with account number, account holder's name and address with current entries not older than 3 months OR
  - (iv) Bank Letter\* duly signed by branch manager/authorized personnel.
3. Self attested photocopy of any of the above stated document of the old bank account with first unitholder name and bank account number printed on the face of the cheque shall also be required. In case, old bank account is already closed, a duly signed and stamped original letter from such bank\* on the letter head of bank, confirming the closure of said account shall be required.

*\* Bank letter should be on its letterhead certifying that the Unit holder maintains/maintained an account with the bank, the bank account information like PAN, bank account number, bank branch, account type, the MICR code of the branch & IFSC Code.*

If photocopies of the above stated documents are submitted, investors must produce original for verification of bank account details to the AMC branches / ISCs of CAMS. The original bank account statement or passbook shall be returned to the investors over the counter upon verification. Photocopies can also be attested by the concerned Bank. It should be noted that attestation by the Bank should be done in original only by the branch manager or authorized personnel of the Bank with the full signature, name, employee code, bank seal and contact number stated on it.

There shall be a cooling period of 10 calendar days for validation and registration of new bank account. Further, in case of receipt of redemption request during this cooling period, the validation of Bank mandate and dispatch of redemption proceeds shall be completed within a period of 10 working days.

In case, the request for change in bank account information being invalid / incomplete / dissatisfactory in respect of signature mismatch/document insufficiency/not complying with any requirements as stated above, the request for such change will not be processed. Redemptions / Income Distribution cum Capital Withdrawal payments, if any, will be

- processed as per specified service standards and the last registered bank account information will be used for such payments to Unit holders.
- f. The AMC will register the Bank Account only after verifying that the sole/ first joint holder is the holder / one of the joint holders of the bank account. In case if a copy of the above documents is submitted, Investor shall submit the original to the AMC/ Service Centre for verification and the same shall be returned.
  - g. Investor may note that in case where his bank account number has changed for any reason, a letter issued by the Bank communicating such change is also required to be submitted along with the Bank Mandate Registration Form.
  - h. Bank Account details as mentioned in the Application Form shall be treated as default account for pay-out, if the Investor has not specifically designated a default pay-out bank account. Investor may change the default bank account through written instructions.
  - i. Where an Investor proposes to delete his existing default payout account, he shall compulsorily designate another account as default account.
  - j. A cooling-off period of 10 calendar days is required for registering the bank account and no redemption payouts will be made into such bank accounts during the cooling-off period. Confirmation of registration of bank accounts shall be communicated to the Investor within 10 calendar days from the receipt of the request through such means as may deemed fit by the AMC.
  - k. Investors may also note the terms and conditions as appearing in the Multiple Bank Account Registration Form available at the CSCs/ AMC Website. The AMC may request for such additional documents or information as it may deem fit for registering the aforesaid bank accounts.

#### **Procedure for Change of Address:**

Investors are requested to note that self attested copies of below mentioned documents shall be submitted along with duly filled in "Change of address form":

For KRA -KYC complied folios:

- Proof of new address (POA) and
- Any other document/ form that the KYC Registration Agency (KRA) may specify from time to time.

The AMC reserves the right to collect proof of old address on a case to case basis while effecting the change of address. The self-attested copies of above stated documents shall be submitted along with original for verification at any of the AMC branches / ISCs of CAMS. The original document shall be returned to the investors over the counter upon verification. In case the original of any document is not produced for verification, then the copies should be properly attested / verified by entities authorized for attesting/verification of the documents.

#### ***Mechanism for Redressal of Investor Grievances:***

All grievances relating to the ASBA facility may be addressed to the AMC/RTA, with a copy to the SCSB, giving full details such as name, address of the applicants, subscription amount blocked on application, bank account number and the designated branch or the collection centre of the SCSB where the ASBA form was submitted by the investor.

#### **Physical Mode:**

- **Purchase of Units:**

Under this mode, the investor is required to submit all the requisite documents along with the purchase application to the any of the Official Point of Acceptance (OPA) as declared by the AMC. The OPA after verifying the application form will issue a confirmation slip.

- **Redemption of units:**

The investor is required to submit requisite documents along with the redemption application to any of the Official Point of Acceptance (OPA) as declared by the AMC. After verifying the application form the OPA will issue a confirmation slip to the investor. The investor will receive the redemption proceeds as per timelines prescribed by SEBI and as per details in the Fund's records.

***Depository Mode:***

- **Purchase of units:**

The investor interested to purchase units under the depository mode is required to have a demat account with CDSL/NSDL for purchasing units under this mode, the investor is required to provide the application along with his/her demat account details to any of the Official Point of Acceptance (OPA) as declared by the AMC. The OPA will issue a confirmation slip to the investor.

- **Redemption of units:**

For redemption of units under the depository mode, it is necessary that the units intended to be redeemed are in the dematerialised form. For redeeming units, the investor will have to submit a Delivery Instruction Slip (DIS) to the Depository Participant with whom the demat account is maintained stating the units to be credited to the Clearing Corporation pool account. The investor will receive the redemption proceeds as per timelines prescribed by SEBI and as per details in the Fund's records.

**Note:**

- a. Unit holders wishing to hold the Units in a demat form at a later date, will be required to have a beneficiary account with a DP of NSDL/ CDSL and will have to submit the account statement along with a request form asking for the conversion into demat form. This request is called a Demat Request Form (DRF). Unit holder will be required to fill in a DRF in triplicate alongwith the relevant details and submit the same to the Depository Participant alongwith the account statement to be dematerialized. The combination of names in the account statement must be same as that in the demat account. Rematerialization of Units will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 1996 as may be amended from time to time. However, in case of units of a Scheme which are not listed on any stock exchange, the option to dematerialise units will not be available till the facility to purchase/ redeem units of the Scheme through Stock Exchange Mechanism is provided by the AMC.
- b. In case of non-financial requests such as change of address change of bank details, etc. investors can approach AMC/R&T in case of units held in physical form and the respective Depository Participant(s) if units are held in demat form.
- c. Account Statements will be issued by the Fund only to investors who hold the units of the Scheme in physical form. For investors holding units in demat form, a demat statement reflecting the transactions in the demat account will be sent by the respective Depository Participants.
- d. The Applicable NAV considered for the transactions under this facility, will be subject to the guidelines issued by SEBI on uniform cut-off timings for applicability of NAV of Investment Strategies/Plan(s) as amended from time to time.

- e. To participate in this facility, investors will have to comply with the Know Your Customer (KYC) norms as prescribed by NSE/ BSE/CDSL/NSDL and SIF.
- f. This facility is available subject to such limits, operating guidelines, terms and conditions as may be prescribed by the respective Stock Exchanges from time to time.
- g. The AMC reserves the right to discontinue this facility at any point of time. However, the change will be effective only on a prospective basis.

Depository Participants of registered Depositories permitted to process only redemption request of units held in demat form.

## **J. Special Products / Facilities offered by the Investment Strategies.**

### **a. Systematic Investment Plan (SIP)**

This facility enables investors to save and invest periodically over a longer period of time. It is a convenient way to “invest as you earn” and offers the investor an opportunity to enter the market regularly, thus averaging the acquisition cost of Units. SIP allows investors to invest a fixed amount of Rupees on specific dates every month or quarter by purchasing Units of the Scheme at the Purchase Price prevailing at such time. Any unit holder can avail of this facility subject to certain terms and conditions contained in the Application form. The SIP payments can be made by availing the Auto Debit Facility through ECS and Direct Debit/ENACH/NACH and UPI Auto Pay. SIP for investments is available at monthly and quarterly frequencies. Following are the details of minimum amount and default dates:

<b>Frequency</b>	<b>Minimum amount and instalments</b>	<b>Dates</b>	<b>Default dates</b>
Monthly	Rs. 20,000 per instalment per scheme for a minimum period of 6 months	Any date (1 to 28 <sup>th</sup> )	7 <sup>th</sup> of every month
Quarterly	Rs. 50,000 per instalment per scheme for a minimum period of 6 quarters (For existing investors only)	Any date (1 to 28 <sup>th</sup> )	7 <sup>th</sup> of every quarter

Investors will have the right to discontinue the SIP facility at any time by sending a written request to any of the Official Point(s) of Acceptance. Notice of such discontinuance should be received at least 10 days prior to the due date of the next installment. On receipt of such request, the SIP facility will be terminated within 2 working days.

The SIP registration will be discontinued in cases where 3 consecutive installments for Monthly frequency and 2 consecutive installments for Quarterly frequency are not honored.

### **b. FACILITY OF NATIONAL AUTOMATED CLEARING HOUSE (NACH) PLATFORM**

In addition to existing facility available for payments through UPI autopay/ Standing Instructions for investments in SIP, the unit holders can now also make payment of SIP instalments through NACH facility. This facility will enable the unit holders of the Fund 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 SIP registration Mandate Form and as prescribed by NPCI from time to time.

The load structure prevailing at the time of submission of the SIP application (whether fresh or extension) will apply for all the installments indicated in such application. Investors should note that

an application for SIP should be submitted at any of the AMC/CAMS Investor Service Centres as listed in the application form. For applicable load on Purchases through SIP, please refer to the Section IV, Fees and Expenses, sub-section

### **c. Systematic Transfer Plan (STP)**

This facility enables the unitholders to switch an amount from their existing investments in a Scheme/Option of the Fund, which is available for investment at that time at periodic intervals through a one time request. The switch can be made only on monthly basis. Investors can switch only between two SIF Funds. Switch is not permitted from SIF to Mutual Fund schemes. Under this facility the switch by the unit holders should be within the same account/folio number. The unitholder has to fulfill the following criteria in order to avail of the Systematic Transfer Plan –

a) the minimum amount is Rs. 20,000 and in multiples of Rs. 1 thereafter.

b) A minimum of 6 such transfers have to be submitted for the STP.

The transfer will be affected 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 Scheme. All transactions by way of STP shall, however, be subject to the terms (other than minimum application amount) of the target Scheme.

#### ***Fixed Amount Option***

Under this alternative, a Unit Holder may switch a fixed amount of at least Rs. 1,000/- per transaction and the 'STP Date' for the switch will be as under.

c) where a monthly STP is opted for, the STP Date\* shall be the 1st to 28th of the month Default Date will be 7th.

The Units in the SIF Investment Strategy/Option from which the switch – out is sought will be redeemed at the Applicable NAV of the Investment Strategy/Option on the respective dates on which such switches are sought and the new Units in the Investment Strategy/Option to which the switch – in is sought will be created at the Applicable NAV of such Investment Strategy/Option on the respective dates. In case the day on which the transfer is sought is a non-business day for the Scheme, the same will be processed on the immediately following business day.

### **K. List of documents required to be submitted along with the Application Forms:**

#### **a. Companies / Body Corporate /Banks / Financial Institutions:**

- Certified copy of the Board Resolution authorising investments/ disinvestments in SIF Investment Strategies, certified by the Company Secretary/authorised signatory.
- List containing names and signatures of the signatories, authorised as per the above Board Resolution, duly attested by the Notary/Company Secretary/ any of the Directors of the Company on the Company's letterhead.
- Copy of the Memorandum and Articles of Association of the Company, duly attested by the Company Secretary or any other authorised signatory.
- Other relevant documents governing the statute (in case of Body Corporate not covered under the Companies Act, 1956).
- Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount invested).
- Cancelled Cheque leaf with the name of the company or Body Corporate printed on it.
- List containing names of the relevant persons holding senior management position, duly attested by the Company Secretary/ any of the Directors of the Company on the Company's letterhead.
- Address of the registered office, and the principal place of its business, if it is different;

**b. Partnership Firms/LLP:**

- Copy of the Partnership Deed/Partnership agreement, duly attested by any of the partners.
- Partnership deed signed by the partners should authorise such investments/disinvestments in the Mutual Fund Scheme and corresponding operational procedures.
- Certified copy of the Resolution authorising investments/ disinvestments in SIF Investment Strategies, certified by the Partner/authorised signatory.
- List containing names and signatures of the authorized signatories to sign, duly attested by the partner.
- Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount invested).
- Cancelled Cheque Leaf with the Name of the partnership/LLP printed.
- List containing names of all the partners, duly attested by the partner.
- Address of the registered office, and the principal place of its business, if it is different.

**c. HUF/AOP/BOI/SPV:**

- Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount invested).
- Copy of the Constituent Documents or formation Documents (Legal Entity Documents) duly attested by the Authorised Signatories
- Cancelled Cheque Leaf with the Name of the HUF/AOP/BOI/SPV printed

**d. Trusts/Funds:**

- Copy of the Trust Deed attested by the Trustee/ Secretary.
- Copy of the Resolution passed by the Trustee authorising investments/disinvestments in SIF Investment Strategies, duly certified by the Trustee/ Secretary or by the office bearer of the society.
- List of the Trustee and signatures, authorised as per the above resolution, duly attested by the notary / Secretary of the Trust on the Trust's letterhead.
- Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount invested).
- Cancelled Cheque Leaf with the Name of the Trust printed on the Cheque.
- List containing names of the beneficiaries, trustees, settlor and authors of the trust, duly attested by the notary / Secretary of the Trust on the Trust's letterhead.
- The address of the registered office of the trust.
- List of trustees and documents as are required for individuals for those discharging role as trustee and authorised to transact on behalf of the trust.

**e. Co-operative Societies:**

- Copy of the Registration Certificate attested Secretary/ office bearer of the society.
- Copy of the Resolution authorising investments/ disinvestments in the SIF Investment Strategies, duly attested by the Secretary/ office bearer of the society.
- List of authorised signatories with designation & their specimen signatures, attested by the Notary.
- Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount invested).
- Cancelled Cheque Leaf with the Name of the Co-Operative Society printed on the Cheque

**f. Any other Non-Individual Investor:**

In case of an application by any Non-Individual Investor other than the aforementioned Non-Individual Investors, a duly certified copy of the relevant resolution or a document providing evidence of the authority to such Investor to invest in units of the SIF, along with the updated specimen signature list of authorised signatories must be submitted along with the Application Form / Transaction Slip. Further, a certified copy of the incorporation deeds / constitutive documents should be submitted, where the AMC so requires.

**g. Individual Investors:**

Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount of investment).

**h. Non Resident Investors:**

- In case Indian rupee drafts are purchased abroad or from FCNR / NRE A/c, an account debit certificate from the Bank issuing the draft confirming the debit to Investor's account shall also be enclosed along with the Application Form.
- For subscriptions amounts remitted out of debit to the FCNR / NRE A/c, the Application form must be accompanied with an account debit certificate confirming the account type and account number, issued by the Investor's banker(s).
- Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount invested).

**i. Applications made under Power of Attorney:**

- An applicant applying through power of attorney holder must lodge an original or a copy of the Power Of Attorney (POA) duly attested by a notary public at any of the Official Points of Acceptance.
- The Power of Attorney Document must contain the signatures of both the applicant and the constituted Attorney and must be an unconditional power of attorney.
- Documents otherwise required to be submitted under normal circumstances by an Investor should be submitted by both the Investor and the POA holder in case of applications made under a POA.

**j. Applications on behalf of minor:**

- In case of court appointed legal guardian, supporting documentary evidence shall be obtained.
- In case of natural guardian, a document evidencing the relationship shall be obtained if the same is not available as part of the documents submitted as per the below point.
- Date of birth of the minor along with photocopy of supporting documents as enumerated below shall be mandatory while opening the account on behalf of minor:
- 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.

**Note:**

- a. All documents not required to be submitted in original or not required to be attested by a notary public should be self - attested by the respective authorized signatories specified therein.
- b. Certified PAN Card copy is mandatory for all the above investors. Investors will be required to submit the original PAN card for verification.
- c. AMC reserves the right to call for such other information / documents that it deems fit to fulfill its KRA - KYC /other obligations.

- d. If any of the above documents are in a language not specified in the Eighth Schedule of the Constitution of India / Foreign Language, then the same have to be translated into English for submission as required by the AMC.
- e. Any request for purchase of units may not be processed if the necessary documents are not submitted.

#### **L. Default Mode of Communication**

As a part of “Go Green” initiative, electronic mail (e-mail) shall be the default mode of communication for those investors whose e-mail id is available in the database of DynaSIF. In accordance with clause 5.4 of SEBI Master Circular dated June 27, 2024, in order to bring cost effectiveness in printing and dispatching the annual reports or abridged summary thereof, the following shall be applicable. – In case the unit holder has provided the email address, the AMC shall send the scheme annual reports or abridged summary only via email. In case email address is not available, the AMC shall send the physical copies of these reports at the address available in the records of the AMC. In case of any request from the unit holder for physical copies notwithstanding their registration of email addresses, AMC shall provide the same within five working days from the date of receipt of request.

#### **M. Investors can request for Annual Report / Abridged Summary, Half Yearly Portfolio, Net Asset Value (NAV) through any of the following means.**

- I. Request for Annual Report (AR)/Abridged Summary
  - i. Telephone: Give a call on 1800-2108-606
  - ii. Email: Send an email specifying the folio number to [DynaSIFservices@360.one](mailto:DynaSIFservices@360.one)
  - iii. Letter: Submit a request letter at any of the AMC offices or CAMS Investor Service Centres, list available at <https://www.360.one/dyna-sif>
  
- II. Request for Monthly/Half Yearly Portfolio
  - i. Telephone: Give a call on 1800-2108-606
  - ii. Email: Send an email specifying the folio number to [DynaSIFservices@360.one](mailto:DynaSIFservices@360.one)
  - iii. Letter: Submit a request letter at any of the AMC offices or CAMS Investor Service Centres, list available at <https://www.360.one/dyna-sif>
  
- III. Request for Net Asset Value (NAV) through SMS
  - a) SMS- send SMS to 9900445566 from investor’s registered mobile number. SMS format “NAV”.

**B. Default scenarios available to the investors under Growth/dividend plans of the Investment Strategies.**

If the applicant does not indicate the choice of Option in the Application form, the fund accepts the application as being for the Growth Option and Reinvestment of IDCW is the default sub-options of IDCW.

## VII. RIGHTS OF UNITHOLDERS OF THE INVESTMENT STRATEGY

1. Unit holders have a proportionate right in the beneficial ownership of the assets of the Investment Strategy.

When the SIF declares an Income Distribution cum Capital Withdrawal (IDCW) under an Investment Strategy, IDCW payments shall be completed to the Unit Holders within 7 working days from the record date of IDCW.

Consolidated Account Statement ('CAS') at SIF 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 send 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 5 business days from the receipt of such request. If a Unit holder so desires the SIF shall issue a Unit certificate (non- transferable) within 5 Business Days of the receipt of request for the certificate.

2. The SIF shall dispatch redemption or repurchase proceeds within 3 working days of accepting the valid redemption or repurchase request. Provided that, processing of redemption(s) in the SIF Investment Strategies shall be subject to appropriate notice period(s), if any, as may be implemented by the AMC, based on structure of the Investment Strategy and the liquidity risk associated with it.
3. 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.
4. The appointment of the AMC for the SIF can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the investment strategy.
5. 75% of the Unit holders can pass a resolution to wind- up an Investment strategy.
6. The Trustee shall obtain the consent of the Unit holders:
  - whenever required to do so by SEBI, in the interest of the Unit holders.
  - whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Investment strategy.
  - 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.
  - when the majority of the trustees decide to wind up the Investment Strategy or prematurely redeem the units of an Investment Strategy.
7. The trustees shall ensure that no change in the fundamental attributes of any Investment strategy, the fees and expenses payable or any other change which would modify the Investment strategy and affect the interest of the unit holders is carried out by the asset management company, unless it complies with sub-regulation (26) of regulation 25 of SEBI (Mutual Funds) Regulations, 1996.
8. The Trustee shall ensure that no change in the fundamental attributes of any Investment strategy or the trust or fees and expenses payable or any other change which would modify the Investment strategy and affects the interest of Unit holders of the Investment Strategy, shall be carried out by the AMC, unless the AMC ensures compliance with requirements listed hereunder:

(i) SEBI has reviewed and provided its comments on the proposal;

- (ii) a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the ABC Mutual Fund is situated; and
- (iii) the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.

9. 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.

## VIII. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

### Background

The valuation norm, methodology and principles for valuation of investments by Mutual Funds/SIF are defined in the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, along with circulars issued by SEBI from time to time. Schedule Eight of SEBI MF Regulation and various circulars issued from time to time provided detailed guidelines on valuation of traded securities, non-traded securities, thinly traded securities, etc.

Securities and Exchange Board of India (SEBI) vide Gazette Notification No. LAD-NRO/GN/2012-12/38/4290 dated Feb 21, 2012 amended SEBI (Mutual Funds) Regulations, 1996.

The emphasis of this amendment was on Principles of Fair valuation and the onus was on respective AMCs to formulate their own valuation policies & procedures providing fair treatment to all investors – past, present and future. According to SEBI, Fair Valuation would imply the following:

*The valuation of investments shall be based on the principles of fair valuation i.e. valuation shall be reflective of the realizable value of the securities/assets. The valuation shall be done in good faith and in true and fair manner through appropriate valuation policies and procedures.*

The amendment also states that in case of any conflict between the principles of fair valuation and guidelines as per Eighth Schedule and circulars issued by SEBI, the Principles of Fair Valuation shall prevail.

### 1. Principles of Fair Valuation

As per the amended regulation, the overarching principles that shall be followed by the Asset Management Companies for valuation of its investments are:

- The valuation of investments shall be based on the principles of fair valuation i.e. valuation shall be reflective of the realizable value of the securities/assets.
- The valuation shall be done in good faith and in true and fair manner through appropriate valuation policies and procedures.
- The policies and procedures approved by the Board of the asset management company shall identify the methodologies that will be used for valuing each type of securities/assets held by the SIF Investment Strategies mutual fund schemes.
- Investment in new type of securities/assets by the mutual fund scheme shall be made only after establishment of the valuation methodologies for such securities with the approval of the Board of the asset management company.
- The assets held by the mutual funds/SIFs shall be consistently valued according to the policies and procedures.
- The policies and procedures shall describe the process to deal with exceptional events where market quotations are no longer reliable for a particular security.
- The asset management company shall provide for the periodic review of the valuation policies and procedures to ensure the appropriateness and accuracy of the methodologies used and its effective implementation in valuing the securities/assets. In case of any conflict between provisions of the Valuation Policy and subsequent regulatory amendments, the revised provisions as per the regulatory amendment shall prevail.

- The valuation policies and procedures shall be regularly reviewed (at least once in a Financial Year) by an independent auditor to seek to ensure their continued appropriateness.
- The valuation policies and procedures approved by the Board of Asset Management
- Company should seek to address conflict of interest.
- Disclosure of the valuation policy and procedures approved by the Board of the asset management company shall be made in Statement of Additional Information (SAI), AMC / MF / SIF website and at any other place as may be specified by SEBI.
- The responsibility of true and fairness of valuation and correct NAV shall be of the asset management company, irrespective of disclosure of the approved valuation policies and procedures.

Any deviation from the disclosed valuation policy and procedures may be allowed after documenting rationale for each deviation. Such deviation including 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) shall be reported to Board of Trustees and the Board of the Asset Management Company and also be disclosed on the website of AMC.

In case of any conflict between the Principles of Fair Valuation as detailed above and Valuation Guidelines issued by the Board hereunder or elsewhere, the Principles of Fair Valuation detailed above shall prevail.

### **Valuation Policy Coverage**

This Valuation Policy covers the following:

- Valuation methodologies for all types of securities
- Inter-scheme transfers
- Role of the Valuation Committee
- Handling conflict of interest
- Exceptional events
- Record Keeping

## **2. Valuation methodologies**

The methodology that will be followed for valuing different types of securities held by the Investment Strategies of DynaSIF is given in 'Annexure A'.

In case of any new security not covered by the present universe in Annexure A, the valuation methodology for the same will be laid down with the approval of the Board.

### **Inter-scheme transfers (For SIF Investment Strategy)**

All the Inter-scheme transfers shall be done as per current policy viz. at prevailing market price on a spot basis.

**Annexure A** describes the methodology that is followed in arriving at the fair valuation of securities which are intended to be transferred from one scheme to another.

## **3. Valuation Committee**

Valuation committee comprises of the following personnel:

- a. Chief Investment officer (CIO)/whole time director

- b. Chief Executive Officer (CEO)/whole time director
- c. Risk Officer
- d. Head of Operations
- e. Compliance Officer- MF
- f. Fund Manager

The CEO can reconstitute or nominate additional members of the valuation committee, provided that the Risk Officer and Compliance Officer will always be members. Further, for approval of valuation committee, Risk Officer and Compliance Officer approvals shall be mandatory.

#### **Scope of the Valuation Committee:**

- a) Define valuation procedure and methodology for different types of securities
- b) Review, approve and recommend the valuation policy/ procedures to the AMC & Trustee Board for their approval and noting
- c) Review the accuracy and appropriateness of methods used in arriving at the fair value of securities and recommend changes, if any
- d) Review and approve valuation methodologies at least annually or more frequently based on market condition
- e) Review the policy and procedures on a periodic basis, at least once annually
- f) Review and approve the spread adjustment in the value of asset based on liquidity and issuer risk consideration
- g) Act as escalation body for pricing/ valuation issues, addressing areas of potential conflicts of interest
- h) Lay down procedures to prevent incorrect valuation
- i) Recommend valuation method during exceptional events
- j) Recommend valuation methodology for a new type of security
- k) Report to the AMC / Trustee Board regarding any deviations or incorrect valuations and disclosures to the investors

#### **4. Handling conflict of Interest**

The valuation committee shall be responsible for ongoing review of areas of conflict and should recommend to the AMC Board the procedures to mitigate it.

#### **5. Exceptional Events**

Following are the some of the events that can broadly be classified as exceptional events:

- a. Major policy announcements by the Central Bank, the Government or the Regulator
- b. Natural disasters or public disturbances that force the markets to close unexpectedly.
- c. Absence of trading in a specific security or similar securities
- d. Significant volatility in the capital markets
- e. Severe liquidity issue in the market.
- f. Any other events (such as Frauds and whistle blower complaints) where realizable value may be substantially different from benchmark based prices obtained.

The Valuation Committee shall be responsible for monitoring exceptional events and recommending appropriate valuation methods under the circumstances. Further, the Valuation Committee shall seek the guidance of the AMC board in deciding the appropriate methodology for valuation of affected securities. Deviations from the valuation policy and principles, if any, will be communicated to the unit holders' through suitable disclosures on the fund website.

#### **6. Record keeping**

This policy document will be updated in SAI, AMC website and other documents as prescribed

by the SEBI regulations and guidelines. All the documents which form the basis of valuation including inter-scheme transfers (the approval notes & supporting documents) shall be maintained in electronic form or physical papers. Above records shall be preserved in accordance with the norms prescribed by the SEBI regulations and guidelines.

## **7. Review**

The policy shall be ideally review once in year. In case of any regulatory change between the two review cycles, the policy shall be deemed as amended in accordance with the changes regulations. In other words, in case of conflict between Regulations and this policy, the regulations shall prevail.

## Annexure A

Following are the broad valuation methodology for each type of securities.

### 1. EQUITY AND RELATED SECURITIES

<b>Equity Shares, Convertible Debentures, Convertible Preference Share, Warrants carrying the right to Equity Shares, Equity Derivatives</b>	
<b>Traded (Fully Paid/ Partly paid)</b>	At the last quoted closing price on the Bombay Stock Exchange (BSE)/ National Stock Exchange (NSE) or other stock exchange, where such security is listed. NSE will be the primary stock exchange. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered.
<b>Non-Traded (Partly paid)</b>	If the partly paid up share is not traded on any stock exchange on the date of valuation, then it should be valued at the price derived after reducing the uncalled amount from the Closing price of underlying fully paid up share. Further Valuation Committee to decide on application of illiquidity discount as deemed appropriate on case to case basis
<b>Non Traded</b>	<p><b><u>APPLICATION MONEY FOR PRIMARY MARKET ISSUE</u></b></p> <p>i. Application money should be valued at cost up to 60 days from the closure of the issue. If the security is not allotted within 60 days from the closure of the issue, application money is to be valued as per the directives of valuation committee. Rationale of valuing such application money should also be recorded.</p> <p>ii. Equity securities allotted and proposed to be listed, but not listed, are to be valued at cost till two months from the date of allotment and after two months, are to be valued as unlisted securities. Method of valuing unlisted equity is stated below.</p> <p><b><u>VALUATION OF NON-TRADED / THINLY TRADED SECURITIES</u></b></p> <p>When a security is not traded on any stock exchange, on the date of valuation, then the previous closing price on NSE / any other Stock Exchange will be used, as long as date of the previous closing price is less than 30 days.</p> <p>If the equity securities are not traded on any stock exchange for a period of thirty days prior to the valuation date, the scrip must be treated as 'non-traded' scrip. Thinly traded equity/ equity related security is defined in SEBI (Mutual Fund) Regulations as follows:</p> <p><i>When trading in an equity/equity related security (such as convertible debentures, equity warrants, etc.) in a month is both less than Rs. 5 lacs and the total volume is less than 50,000 shares, it shall be considered as thinly traded security and valued accordingly.</i></p> <p>In line with these guidelines issued by SEBI, <b>non-traded / thinly traded</b> securities should be valued as follows:</p> <p>Net worth per share is computed as follows:</p> <p>i. Net worth of the company = Paid up share capital + Reserves other than Revaluation reserve - Miscellaneous expenditure, debit balance in Profit and Loss account.</p> <p>ii. Net worth per share = (Net worth of the company / Number of</p>

paid up shares).

Computation of capitalized value of earning per share (EPS):

- i. Determination of the Industry Price Earning Ratio (P/E) to which the company belongs.
  - ❖ Classification of industries provided by AMFI should be adopted.
  - ❖ Presently Industry P/E Ratio used is provided by NSE on a monthly basis.
- ii. Compute EPS from the latest audited annual accounts. In case the EPS is negative, EPS value shall be considered as zero
- iii. Compute capitalized value of EPS at 75% discount  $(P/E \times 0.25) \times \text{EPS}$

Computation of fair value per share to be considered for valuation at 10 % discount for illiquidity.

$[(\text{Net worth per share} + \text{Capitalized value of EPS}) / 2] \times 0.90$

In case the latest balance sheet i.e. balance sheet prepared within nine months from the close of the accounting year of the company, is not available (unless the accounting year is changed) the shares should be valued as zero.

In case an individual non-traded / thinly traded security as valued aforesaid, accounts for more than 5% of the total asset of the scheme, AMC should appoint an independent valuer. The security shall be valued on the basis of the valuation report of the valuer. To determine if a security accounts for more than 5% of the total 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 to which it belongs would be compared on the date of valuation.

#### **VALUATION OF UNLISTED SECURITIES**

SEBI Circular No. MFD/CIR/03/526/2002 dated May 9, 2002 has prescribed the method of valuation for unlisted equity securities. These guidelines are similar to the guidelines issued by SEBI for non-traded / thinly traded securities mentioned above only except the following:

Computation of Net worth per share as lower of (a) and (b):

A) i) Net worth of the company = Paid up share capital + Reserves other than Revaluation reserve - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses.

ii) Net worth per share = (Net worth of the company / Number of paid up shares).

B)j) Net worth of the company = Paid up capital + Consideration on exercise of Option/Warrants received/receivable by the company + free reserves other than Revaluation reserve – Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses.

Net worth per share = (Net worth of the company/ {Number of paid-up shares + number of shares that would be obtained on conversion/exercise of outstanding warrants and options}).

If the net worth of the company is negative, the share should be marked down to Zero. Computation of fair value per share to be considered for valuation at 15 % discount for illiquidity. [(Net worth per share + Capitalised value of EPS) / 2] \* 0.85.

In case the latest balance sheet i.e. balance sheet prepared within nine months from the close of the accounting year of the company, is not available (unless the accounting year is changed) the shares should be valued as zero.

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

#### **VALUATION OF NON-TRADED WARRANTS**

In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued similarly to the valuation of convertible portion of debentures, as reduced by the amount which would be payable on exercise of the warrant. If the amount payable on exercise of the warrants is higher than the value of the share, the value of the warrants should be taken as zero.

Value of Warrant = [Value of share computed as stated in the paragraph above - exercise price]

#### **VALUATION OF CONVERTIBLE PREFERENCE SHARES**

Non-traded preference shares should be valued in good faith depending upon the type of the preference Share and after considering illiquidity discount if any.

#### **VALUATION OF ILLIQUID SECURITY IN EXCESS OF 15% OF TOTAL ASSETS OF THE SCHEME**

As per SEBI Circular No. MFD/CIR/ 8 / 92 / 2000 dated September 18, 2000 Illiquid security means securities defined as non-traded, thinly traded and unlisted equity shares.

As per the SEBI Regulations aggregate value of Illiquid securities should not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value

#### **VALUATION OF CONVERTIBLE DEBENTURES**

As per Eighth Schedule of SEBI (Mutual Fund) Regulations method of valuation of convertible debentures is prescribed.

Non-convertible and convertible components are valued

	<p>separately.</p> <p>A. The non-convertible component shall be valued on the same basis as would be applicable to a non-convertible debt instrument mentioned at clause 2 above.</p> <p>B. The convertible component to be valued as follows: i) Ascertain</p> <ul style="list-style-type: none"> <li>• The number of shares to be received after conversion.</li> <li>• Whether the shares would be paripassu for Income Distribution cum Capital Withdrawal on conversion.</li> <li>• The rate of last declared Income Distribution cum Capital Withdrawal.</li> <li>• Whether the shares are presently traded or non-traded/thinly traded.</li> <li>• Market rate of shares on the date of valuation</li> </ul> <p>ii) In case the shares to be received are, on the date of valuation, are thinly traded / non-traded, these shares to be received on conversion are to be valued as thinly traded / non-traded shares as stated at para 1.2 above.</p> <p>iii) In case the shares to be received on conversion are not non-traded or thinly traded on the date of valuation and would be traded pari passu for Income Distribution cum Capital Withdrawal on conversion:</p> <p>a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate</p> <p>b) Determine the discount for non-tradability of the shares on the date of valuation.</p> <p>(This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the Board of AMC)</p> <p>Value = (a)*market rate [1-(b)]</p> <p>iv) In case the shares to be received on conversion are not non-traded or thinly traded on the date of valuation but would not be traded paripassu for Income Distribution cum Capital Withdrawal on conversion:</p> <p>a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate.</p> <p>b) Arrive at the market value of the shares on the date of valuation by reducing the amount of last paid Income Distribution cum Capital Withdrawal.</p> <p>c) Determine the discount for non-tradability of the shares on the date of valuation.</p> <p>(This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the Board of AMC)</p> <p>Value = (a)*{b- [1- (c)]}</p>
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v) In case of optionally convertible debentures, two values must be determined assuming both, exercising the option and not exercising the option.

- If the option rests with the issuer, the lower of the two values shall be taken as the valuation of the optionally convertible portion, and;
- If the option rests with the investor, the higher of the two values shall be taken.

#### **VALUATION OF RIGHTS ENTITLEMENTS - AS PER SCHEDULE VIII OF SEBI (MUTUAL FUND) REGULATIONS**

When Company announces rights to the existing equity shareholders, under its Listing Agreement with Stock Exchange; it has to declare ex-right date for the purpose of trading on the Stock Exchange. Ex-right date is a date from which the underlying shares, which are traded on the Stock Exchange, will not be entitled to the rights. These rights entitlements can also be renounced in favour of a willing buyer. These renunciations are in some cases traded on the Stock Exchange. In such case these should be valued as traded equity related securities as detailed hereinabove. Till the rights are subscribed, the entitlements as per Regulations have to be valued as under:

Valuation of non-traded rights entitlement is principally the difference between the right price and ex-right price. SEBI Regulations have explained this with the help of following formula:

$V_r = n / m \times (P_{ex} - P_{of})$  Where

$V_r$  = Value of Rights

$n$  = Number of rights offered

$m$  = Number of original shares held

$P_{ex}$  = Ex-right price

$P_{of}$  = Rights offer price

The following issues while valuing the rights entitlements have to be addressed:

- i. In case original shares on which the right entitlement accrues are not traded on the Stock Exchange on an ex-right basis, right entitlement should be valued as zero.
- ii. When rights are not treated paripassu with the existing shares such as, restrictions with regard to Income Distribution cum Capital Withdrawal etc., suitable adjustment should be made by way of a discount to the value of rights at the last Income Distribution cum Capital Withdrawal announced rate.
- iii. Where right entitlements are not subscribed to but are to be renounced, and where renunciations are being traded, the right entitlements have to be valued at traded renunciation value.
- iv. Where right entitlements are not traded, and it was decided not to subscribe the rights, the right entitlements have to be valued at zero.
- v. 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.
- vi. The rights entitlements subscribed for listed equity shares are not traded and if the fund manager wishes to renounce rights entitlements post the rights entitlement are valued as mentioned

	<p>in the regulations, shall be further subjected to illiquidity discount as decided by the valuation committee on case to case basis.</p> <p><b>VALUATION OF SHARES ON DE-MERGER</b></p> <p>On de-merger following possibilities arise which influence valuation these are:</p> <ol style="list-style-type: none"> <li>i. Both the shares are traded immediately on de-merger: In this case both the shares are valued at respective traded prices.</li> <li>ii. Shares of only one company continued to be traded on de-merger: Valuation price will be worked out by using cum-price (as listed below), before demerger reduced for quoted price of the listed resultant company(s).</li> <li>iii. Both the shares are not traded on de-merger: Shares of de-merged companies are to be valued equal to the pre de merger value up to a period of 30 days from the date of de merger. The market price of the shares of the de-merged company one day prior to ex-date can be bifurcated over the de-merged shares. The market value of the shares can be bifurcated in the ratio of cost of shares.</li> </ol> <p>Further, if one of the de-merged companies is not listed within a period of 90 days from the demerger date, an illiquidity discount shall be applied. The illiquidity discount shall be recommended by the fund manager and approved by the Valuation committee.</p> <p>The illiquidity shall take into account factors such as listing timelines as well as prevailing market valuations.</p> <p>Illustration for valuation of de-merged share price (using the cum-price)</p> <p>Company AB gets demerged into Company A and Company B (assume a 1:1 ratio for demerger) and Company B is not listed till date. The value of company B is arrived as follows:</p> <p>Market value of Company AB (pre-demerger closing price) Rs 500/-  Market value of Company A (post-demerger closing price) Rs 300/-  Valuation of Company B as per cum-price method Rs 200/-</p> <p>Less: illiquidity discount (as applicable)</p> <p><b><u>VALUATION OF SUSPENDED SECURITY</u></b></p> <p>In case trading in an equity security is suspended for trading on the stock exchange up to 30 days, then the last traded price would be considered for valuation of that security.</p> <p>If an equity security is suspended for trading on the stock exchange for more than 30 days, then it would be considered as non-traded and valued accordingly In case shares of both the companies are not traded for more than 30 days, these are to be valued as unlisted security.</p>
<b>Thinly Traded</b>	<p>Valuation will be computed in accordance with the method prescribed under SEBI (MF) Regulations. i.e. on the basis of average of book value and the price computed on the basis of the PE ratio (after appropriate discount to Industry PE),</p>

	further discounted for illiquidity.) Definition of thinly traded equity/ equity related security: When trading in an equity/equity related security in a calendar month is both less than INR 5 lacs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded Security.
<b>Futures</b>	
<b>Traded</b>	On the valuation day, valued at settlement price provided by the recognised stock exchange.
<b>Non Traded</b>	When a security is not traded on the respective stock exchange on the date of valuation, then the settlement price / any other derived price provided by the respective stock exchange.
<b>Options</b>	
	The option shall be valued at the value received from the Valuer's approved by the Valuation Committee.

## 2. SOVEREIGN SECURITIES

All sovereign securities issued as government securities, T-Bills, cash management bills, state development loans etc. will be valued at Average prices released by Valuation Agencies appointed by AMFI. Currently the valuations are provided by CRISIL and ICRA (Herein after referred to as Valuation Agencies”).

## 3. DEBT & MONEY MARKET SECURITIES

<b>Asset Category</b>	<b>Valuation methodology</b>
Government Securities	Government Securities includes securities issued by Central government or State Government, Cash Management bills, Treasury bills, State Development Loans, etc.  Government Securities (including Treasury Bills) will be valued at the average of the prices provided by AMFI approved agencies
Debt & Money Market securities /Instruments across all maturities	Debt & Money Market securities includes Commercial Paper/ Certificate of Deposit / Bonds / Zero Coupon Bonds / Bills / Floating rate securities / Securitization, Partly Paid Debentures etc.)  All money market and debt securities including floating rate securities shall be valued at average of security level prices obtained from valuation agencies appointed by AMFI on each valuation day.  Where any security is purchased by any scheme of Mutual Fund/SIF Investment Strategy and the security level price from the agency(ies) appointed by AMFI is not available on that day, such security shall be valued at weighted average purchase yield on that day.  In case necessary details to value debt and money market securities are not available, the valuation committee will determine fair value based on available information.
Instrument rated below investment grade	All money market or debt securities/instruments which are rated below investment grade” if the long-term rating of the security issued by a SEBI registered Credit Rating Agency (CRA) is below BBB- or if the short term rating of the security is below A3 will be valued at the prices/ basis the indicative haricut(s) provided by the

	valuation agencies (currently CRSIL & ICRA)
Interest Rate Swaps (IRS) / Forward Rate Agreements (FRAs)	All OTCs derivatives viz. IRS/FRA's will be valued at the average prices provided by AMFI approved agencies (currently CRSIL & ICRA)
Reverse Repo / TREPS	Reverse Repo (including Corporate Bond Reverse Repo) / Tri-party Repo i.e. TREPS, including overnight Reverse Repo or TREPS will be valued at the average prices provided by AMFI approved agencies (currently CRSIL & ICRA). In case prices are not available then the same shall be valued at cost plus accrual basis.
Investment in Short Term Deposit with banks	Investments in short-term deposits with banks (pending deployment) shall be valued on cost plus accrual basis.

**Definition –**

**Traded** - A money market or debt security shall be considered as traded when, on the date of valuation, there are trades (in marketable lots as defined below) in that security on any recognized Stock Exchange or there are trades reported (in marketable lots) on the trade reporting platform of recognized stock exchanges or The Clearing Corporation of India Ltd. (CCIL).

**Non traded** : A money market or debt security shall be considered as non-traded when, on the date of valuation, there are no trades (in marketable lots) in such security on any recognized Stock Exchange or no trades (in marketable lots) have been reported on any of the aforementioned trade reporting platforms.

Marketable lots: The following volume criteria shall be used for recognition of trades by valuation agencies:

Parameter	Minimum Volume Criteria for marketable lot
Primary	INR 25 cr 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

**3.1. Valuation of Money Market Securities/Debt Securities**

- i) Independent Valuation agencies (CRISIL, ICRA or any agency appointed by AMFI) will send clean prices of all securities held in the portfolios on a daily basis
- ii) Prices provided by both valuation agencies will be averaged to calculate the final price for that security
- iii) Prices will be provided for all days including holidays assuming a settlement of T+1.
- iv) Prices for holidays will be provided on the previous working day.
  - v) Prices for securities will be made available regardless of whether an instrument is traded or not.
- vi) All money market and debt securities including floating rate securities shall be valued at average of security level prices obtained from valuation agencies.
  - vii) In case security level prices given by valuation agencies are not available for a new security (which is currently not held by any Mutual Fund), then such security may be valued at purchase yield/price on the date of allotment / purchase.

3.2 The above valuation methodology is applicable for valuation of bills purchased under rediscounting scheme;

3.3 Short-term deposits with banks (pending deployment) , shall be valued on cost plus accrual basis.

3.4 Prices for all Over The Counter (OTC) derivatives and market linked debentures shall be obtained from AMFI appointed valuation agencies.

### 3.5 Money market and debt securities which are rated below investment grade

Definition of below investment grade and default:

A money market or debt security shall be classified as “below investment grade” if the long-term rating of the security issued by a SEBI registered Credit Rating Agency (CRA) is below BBB- or if the short-term rating of the security is below A3.

Classification of security as Default:

If the Principal or Interest has not been received on the day such amount was due or such security has been downgraded by Credit Rating Agency.

- a) Securities rated below investment grade shall be valued at the price provided by valuation agencies
- b) Till the time valuation is computed by valuation agencies, such securities shall be valued on the basis of indicative haircuts provided by these agencies. The indicative haircuts shall be applied on the date of credit event.
- c) Consideration of traded price for valuation:
  - In case of trades during the interim period between date of credit event and receipt of valuation price from valuation agencies, such traded price for valuation shall be considered if it is lower than the price post standard haircut.
  - In case of trades after the valuation price is computed by the valuation agencies 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.
- d) Deviation from the indicative haircuts and/or the valuation price for securities rated below investment grade provided by the valuation agencies shall be subject to the following:
  - The detailed rationale for deviation from the price post haircuts or the price provided by the valuation agencies shall be recorded by the AMC.
  - 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.
  - The rationale for deviation along-with details as mentioned above shall also be disclosed to investors. In this regard, all AMCs 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 halfyearly 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.

**The treatment of accrued interest and future accrual of interest, in case of money market and debt securities classified as below investment grade or default, is detailed below:**

- The indicative haircut that has been applied to the principal should be applied to any accrued interest.
- In case of 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 following shall be the treatment of how any future recovery should be accounted for in terms

of principal or interest:

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 (i.e. the value recognized in NAV) should then be applied first towards amount of interest written off and then towards amount of principal written off.

If a security is in default beyond its maturity date, then disclosure to this effect shall be provided. Such disclosure shall include details of the security including ISIN, name of security, value of the security considered under net receivables (i.e. value recognized in NAV in absolute terms and as % to NAV) and total amount (including principal and interest) that is due to the scheme on that investment. Further, this disclosure shall continue till the value of the security recognized in the NAV is received or for a period of 3 years from the date of maturity of security, whichever is later.

### **Treatment and disposal of illiquid securities or securities classified as default at the time of maturity / closure of schemes/ Investment Strategy**

In case of close-ended Investment Strategies / schemes, some of the investments made by Mutual Funds/SIF may become default at the time of maturity of Investment Strategies/schemes. Further, at the time of winding up of a scheme, some of the investments made by Mutual Funds/SIF may become default or illiquid. In due course of time i.e. after the maturity or winding up of the Investment Strategies/schemes, such investments may be realised by the Mutual Funds/SIF. It is advised to distribute such amount, if it is substantial, to the concerned investors. In case the amount is not substantial it may be used for the purpose of investor education. The decision as to the determination of substantial amount shall be taken by the Trustees of Mutual Funds after considering the relevant factors including number of investors, amount recovered, cost of transferring funds to investors; among others.

### **3.6 Segregate Portfolio Valuation Based on the SEBI circular dated December 28,2018 on creation of segregated portfolio in Mutual fund schemes/SIF Investment Strategies.**

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. in terms of relevant provisions of SEBI (Mutual Fund) Regulation,1996 and Circular (s) issued thereunder. The provisions of policy on segregated portfolio shall be complied with.

### **3.7 Valuation of Securities with Put/Call Options**

The option embedded securities would be valued as follows:

i. 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. Once the option is exercised the security would be valued to Call date (being the deemed maturity date) and would follow the valuation principles as applicable for securities with residual maturity  $\leq 30$  days (in case the residual maturity is  $\leq 30$  days after exercising the call option). In case of securities with residual maturity  $> 30$  days post exercising the Call and prices not provided by valuation agencies, the securities shall be valued on the basis of guidelines provided by the Investment Committee.

ii. Securities with Put option: The securities with put option 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 instrument. Once the option is exercised the security would be valued to Put date (being the deemed maturity date) and would

follow the valuation principles as applicable for securities with residual maturity  $\leq 30$  days (in case the residual maturity is  $\leq 30$  days after exercising the put option). In case of securities with residual maturity  $> 30$  days post exercising the Put and prices not provided by valuation agencies, the securities shall be valued on the basis of guidelines provided by the Investment Committee.

iii. Securities with both Put and Call option on the same day: The securities with both Put and Call option 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.

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:

- 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.
- 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.
- In case no Put Trigger Date or Call Trigger Date ('Trigger Date') is available, then valuation would be done to maturity price.
- In case one Trigger Date is available, then valuation would be done as to the said Trigger Date.
- In case both Trigger Dates are available, then valuation would be done to the earliest date.

If a put option is not exercised by a Mutual Fund when exercising such put option would have been in favour of the scheme, in such cases the justification for not exercising the put option shall be provided to the Board of AMC and Trustees.

### 3. 8 Perpetual Bonds

Pursuant to SEBI Master circular dated June 27, 2024, the deemed residual maturity of all existing as well as new bonds issued under 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 30, 2022	20	Contractual Maturity
October 01, 2022 – March 31, 2023	30	Contractual Maturity
April 01, 2023 onwards	100*	Contractual Maturity

\*100 years from the date of issuance of the bond.

Macaulay Duration for bonds issued under Basel III framework shall be calculated based on the deemed residual maturity as mentioned in the above table.

The valuation of AT-1 Bonds by Mutual Funds/SIF shall be based on Yield to Call. The Bonds issued under the Basel III framework shall be valued as given in Annexure A.

### 3.9 Valuation of Partly Paid Debentures:

Partly Paid Debentures (PPD) shall be valued as under in line with the AMFI Best Practices

(a) Price calculation:

Cash flows are plotted using the details provided in the term sheet. The same is then discounted using YTM derived for that particular ISIN. Prices are sent on face value of Rs 100 (when fully paid), and as per actual paid up value as per valuation date. Cash flows are plotted till actual maturity or deemed maturity (explicit put call option on same date and same value). Two types of securities were available:

- Pay-in dates and pay-in values are clearly defined – In such case future pay-ins are plotted as per details available in term sheet. (Mutual Funds/SIF cannot buy these PPDs as per the AMFI Best Practices Guidelines circular no. 83 dt. 18-Nov-2019)
- Pay in dates and pay in values are not clearly defined or are linked to occurrence of some event or is optional linked to on demand from issuer/investor for making such pay-ins – In such case, since pay-in dates/pay-in values can't be estimated, such future pay-ins are factored on actual basis on receipt of information.

(b) Yield Calculation:

Yields for the ISIN are derived on a daily basis using the standard waterfall approach prescribed for corporate bonds. Definitions of similar maturity, similar issuer, outlier security remains same as other normal securities.

#### **4. VALUATION AND DISCLOSURE OF UPFRONT FEES**

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

#### **5. WATERFALL MECHANISM FOR VALUATION OF MONEY MARKET AND DEBT SECURITIES TO BE USED BY THE VALUATION AGENCIES:**

The waterfall mechanism for valuation of money market and debt securities to be used by valuation agencies as per SEBI circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated 24 September 2019 and AMFI circular no. 135/ BP/ 83/ 2019-20 dated 18 November 2019 is given in the enclosed Annexure A.

#### **6. POLLING PROCESS BY VALUATION AGENCIES:**

The polling process by valuation agencies as per SEBI circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated 24 September 2019 and AMFI circular no. 135/ BP/ 83/ 2019-20 dated 18 November 2019 is given in the enclosed Annexure B.

#### **7. OTHER TYPES OF SECURITIES**

Following methodology shall be adopted for valuation of other types of securities:

- a. Units of Mutual Funds/SIF will be valued at the last available NAV
- b. Exchange Traded Funds shall be valued at closing prices available on the stock exchanges

(NSE / BSE)

c. Valuation of Foreign Securities & ADR/GDR:

Exchange to be considered for valuation of foreign securities and ADRs/GDRs is to be approved by the AMC Board. SEBI has not prescribed the method of valuation of foreign securities and ADR/GDR. Process of valuation to be followed by 360 ONE Mutual Fund would be as follows:

**a) Receiving last quoted price:**

If the security is listed in a time zone ahead of ours than the same day closing price on appropriate stock exchange as provided by Reuters would be used for valuation. If the security is listed in a time zone behind ours then the previous day's closing price provided by Reuters would be considered for valuation. In case the security is not traded on the above-mentioned days, price of previous day should be used provided the price is not more than 30 days old.

**b) Converting the price in Indian Rupees (INR):**

Since these prices are in foreign currency these are to be converted in Indian Rupees by applying the exchange rate. Reuters also provide closing conversion rate, which can be used for converting the foreign currency prices in INR. This closing price in INR should also be used for valuation of foreign securities and ADR/GDR. In case Reuters has not provided the conversion rate, the closing price of the security should be converted to INR at RBI reference rate.

**d. Investment in ReITs, InvITs**

Allotted but awaiting listing - At allotment price

Listed / Traded / Non Traded: Units shall be valued at the last quoted closing price at the principal stock exchange. NSE will be the principal stock exchange. In case ReIT / InvIT are not traded on the principal stock exchange on a particular date, the closing price at which it is traded on any other stock exchange will be considered. If the traded price is not available, then valuation shall be as per the direction of Valuation Committee.

**Changes in terms of investment:**

While making any change to terms of an investment, 360 ONE Mutual Fund/DynaSIF shall adhere to the following conditions:

- 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.
- 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.
- 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.
- 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.

**8. Valuation of physical Gold & Silver ascertained as per SEBI guidelines**

1) The gold & silver held by an exchange traded fund schemes shall be valued at the AM fixing price of London Bullion Market Association (LBMA) in US dollars per troy ounce for gold having a

fineness of 995.0 & for Silver 999.0 parts per thousand, subject to the following:

- (a) adjustment for conversion to metric measures as per standard conversion rates.
- (b) adjustment for conversion of US dollars into Indian rupees as per the RBI reference rate declared by the Foreign Exchange Dealers Association of India (FEDAI); and
- (c) addition of –

(i) transportation and other charges that may be normally incurred in bringing such gold & Silver from London to the place where it is actually stored on behalf of the mutual fund; and

(ii) notional customs duty and other applicable taxes and levies that may be normally incurred to bring the gold from London to the place where it is actually stored on behalf of the mutual fund:

Provided that the adjustment under clause (c) above may be made on the basis of a notional premium that is usually charged for delivery of gold & silver to the place where it is stored on behalf of the mutual fund:

Provided further that where the gold & silver held by exchange traded fund schemes has a greater fineness, the relevant LBMA prices of AM fixing shall be taken as the reference price under this sub-paragraph.

(2) If the gold & silver acquired by the exchange traded fund schemes 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 like standard bars

(3) Valuation of investments in Gold Deposit Scheme (GDS) of banks, having gold held by the Fund as underlying, the valuation of such gold would follow the same principles as provided for valuation of physical gold. Interest received on such Gold Deposit Scheme shall be accrued in proportionate manner till the maturity of the deposit.

a. LBMA Gold & Silver Fixing: - Designed to fix a price for settling contracts between the fixing members of the LBMA (London Bullion Market Association) , the Gold & Silver Fixing provides a recognized benchmark for pricing the majority of spot gold products throughout the world's markets. As per SEBI Guidelines Gold & Silver would be valued at AM fixing price.

b. Premium/Discount would be fixed on a daily basis. MCX domestic price would be considered along with the LBMA AM price to arrive at the premium

c. Fixing charges is the commission charged by the bullion bank to fix gold & silver prices. The fixing charges for valuation purpose would be as per the LBMA guidelines.

d. LBMA Fixing prices for Gold are quoted for USD/Oz for 999 fineness. For conversion of Troy Ounces to Kilogram the NYMEX conversion factor of 32.1507 Troy ounces per kilogram will be used. The fineness quotient is adjusted for Silver by using the factor 0.995

e. To convert it into Rs./Kg, it has to be multiplied by INR reference rate from RBI

f. Custom duty is calculated as per Tariff value and the Exchange Rate prescribed by the appropriate authorities irrespective of the price of Gold & Silver as per LBMA and the RBI Reference Rate for USD. The method and rates used for calculation as stated in the example may be changed as per amendments prescribed by the appropriate authorities.

g. Stamp Duty is on ad valorem basis on the price including customs. As of now it is 0.1% of price, it will change as when the appropriate authority changes the rate of duty. Stamp duty calculation for different locations where gold / silver is stored would be as per the method and rates specified by the respective authorities. Stamp duty usually varies from state to state. Current storage locations for 360 ONE Asset management Limited include Mumbai (Maharashtra) and Ahmedabad (Gujarat).

Any other taxes that are non-refundable in nature would be accounted in valuation as & when it is applicable.

## 9. Valuation of Exchange Traded Commodity Derivatives

Valuation will be done at end of day closing/settlement price published on the valuation day on the MCX/NCDEX/NSE/BSE, as the case may be, and value the commodity on the exchange on which it got transacted. There might be variants of commodities based on the lot size which may be launched going ahead by different exchanges such as Gold, Gold Mini etc. For such cases, the closing/settlement price on which it gets transacted will be taken.

Below is the list of commodities in which investment team intends to invest and exchanges on which they are listed:

S. No	Commodity	Exchange
1	ZINC	MCX
2	Gold/Gold mini	MCX/NSE/BSE
3	Lead	MCX
4	Silver	MCX/NSE/BSE
5	Nickel	MCX
6	Copper	MCX/BSE
7	Palm Oil	MCX
8	Crude Oil	MCX
9	Aluminum	MCX
10	Natural Gas	MCX
11	Soya Oil or Bean	NCDEX
12	Guar seed	BSE
13	Guar gum	BSE
14	Brent Crude	NSE
15	Cotton	BSE
16	Agridex	NCDEX
17	Bullion Index	MCX
18	Base Metals Index	MCX
19	Comdex	MCX

In case necessary details to value ETCDs are not available the same would be valued based on guidance from valuation committee.

## 10. Other Commodities (physical received from trading in ETCDs other than the Gold & Silver)

On receipt of the physical stocks at the accredited warehouses of the exchanges, at the allocated location, the commodity will be valued daily at the pooled physical price of the respective location published by the respective commodity exchanges.

Physical commodities then upon the receipt of physical commodity at the accredited warehouse of the exchanges, at the allocated location the commodity can be valued daily at the pooled physical price of the respective location published by the respective commodity exchanges. Pooled price of respective commodity is published every day at the MCX website which can be referred for valuation of stocks lying in the warehouse / designated vaults. These published prices will be considered to valuation. If the pooled physical prices are not available on the respective commodity exchanges, then the waterfall approach given below would be adopted: a) Price of the derivative position best reflecting the physical holding (location of warehousing & expiry) which the scheme owns will be considered for valuation. b) Previous day valuation price. If on any day the pooled price is not available due to holiday, then the immediate previous day's prices shall be

applied for the purpose of valuation of commodity. In case necessary details to value ETCDs or physical commodities 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.

#### **11. Valuation methodology of Exchange Traded Funds units (Gold/ Silver).**

Units listed and traded would be valued at the closing traded price as on the valuation date. Unlisted units and listed-but-not-traded units would be valued at the NAV as on the valuation date.

#### **12. Valuation of Sovereign Gold Bonds.**

Sovereign Gold Bonds are listed on National Stock Exchange. Since these bonds are listed and traded on exchange, these bonds will be valued at closing price given by exchange. In case if these bonds are not traded on a particular day then previous day price will be considered.

#### **13. INTER SCHEME TRANSFER POLICY (IST): -**

- Interscheme of money market or debt security (irrespective of maturity) will be done at a price which is the average of the prices provided by the valuation agencies within the pre-agreed TAT after communication of interscheme to the valuation agencies.
- If the price is received from only 1 valuation agency within the pre-agreed TAT after communication of interscheme to the valuation agencies, that price will be considered for the interscheme trade.
- If prices are not received from any of the valuation agencies with the agreed TAT , then the interscheme trade will be done at such transfers are done at the prevailing market price for quoted instruments on spot basis and for non-quoted instruments on the last valued price (if there is no negative/ positive news on the date of IST).

## Annexure A

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

#### 1. 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 re issuances 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 1 below)
- 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 1 below)
- 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/ 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.

#### 2. 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.

<b>Residual Tenure of Bond to be priced</b>	<b>Criteria for similar maturity</b>
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:

a. 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 / 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.

b. In the case of illiquid/ semi liquid bonds, it is proposed that traded spreads be permitted to be used

for longer maturity buckets (1 year and above). However, the yield should be adjusted to account for steepness of the yield curve across maturities.

c. The changes / 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.

### **3. 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.

i. Issuers within same sector/industry and/or

ii. Issuers within same rating band and/or

iii. Issuers with same parent/ within same group and/or

iv. Issuers with debt securities having same guarantors and/or

v. 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.

### **4. Recognition of trades and outlier criteria**

#### **i. Volume criteria for recognition of trades (marketable lot)**

Paragraph 9.1 of SEBI Master circular dated June 27, 2024 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
<b>Primary</b>	INR 25 cr for both Bonds/NCD/CP/ CD and other money market instruments
<b>Secondary</b>	INR 25 cr for CP/ CD, T-Bills and other money market instruments
<b>Secondary</b>	INR 5 Cr for Bonds/NCO/ 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.

a. 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.

b. 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 above 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)		
	Upto 15 days	15-30 days	Greater than 30 days
<b>Liquid</b>	30 bps	20 bps	10 bps
<b>Semi-Liquid</b>	45 bps	35 bps	20 bps
<b>Illiquid</b>	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 ▶  $\geq 50\%$  of trade days
- Semi liquid ▶  $\geq 10\%$  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. For bonds thresholds are defined as upto 15 bps for liquid;  $>15-75$  bps for semi-liquid;  $> 75$  bps for illiquid. (Here, spread is computed as average spread of issuer over AAA Public Sector Undertakings/Financial Institutions/Banks matrix), For CP/ CD- upto 25 bps for liquid;  $>25- 50$  bps for semiliquid;  $> 50$  bps for illiquid. (Here, spread is computed as average spread of issuer over AI+/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.

**5. Process for construction of spread matrix**

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

Steps	Detailed Process
<b>Step 1</b>	Segmentation of corporates- The entire corporate sector is first categorised across following four sectors i.e. all the corporates will be catalogued under one of the below mentioned bucket: 1. Public Sector Undertakings/Financial Institutions/Banks; 2. Non-Banking Finance Companies -except Housing Finance Companies; 3. Housing Finance Companies; 4. Other Corporates
<b>Step 2</b>	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. 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.
<b>Step 3</b>	<b>Calculation of benchmark curve and calculation of spread -</b> 1. Yield curve to be calculated for representative issuers for each sector for maturities ranging from 1 month till 20 years and above.

	<p>2. Waterfall approach as defined in Part A (1) above will be used for construction of yield curve of each sector.</p> <p>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</p> <p>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.</p> <p>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</p>
<b>Step 4</b>	<p>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.</p> <p>2. In case of rating downgrade/credit event/change in liquidity or any other material event in Representative Issuers, new Representative Issuers 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>

**Part B: Valuation of G-Secs (T- Bill, Cash management bills, G-Sec and SOL)**

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

- VWAY of last one hour, subject to outlier validation
- 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.

**Note:**

1. VWAY shall be computed from trades which meet the marketable lot criteria stated in Part A of these Guidelines.
2. 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.

**Part C: Valuation of Bonds issued under Basel III framework.**

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.
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 proposed to be 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) 15 working days for benchmark ISINs
  - b) 30 working days for non-benchmark ISINs
  - c) This will be revised to 7 working days for benchmark ISIN and 15 working days for non- benchmark ISINs from October 01, 2021.
4. If the ISIN gets traded, the traded Yield to Call (YTC) 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 YTC. 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 YTC 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 YTC. 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 of is requested. It is confirmed that spread over YTC 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 will be 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 also then valuation will be done by taking spread over matrix and/or polling in line with the waterfall mechanism prescribed by AMFI.

Points 4, 5 & 6 have been further elaborated in the detailed as under:

**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	AB C		XY Z		Valuation of ABC ISIN 1
	ISIN 1	ISIN 2	ISIN 1	ISIN 2	
Traded Today	Y	-	-	-	Take price and arrive at YTC
Traded Today	N	Y	-	-	Take price of ISIN 2 of ABC and compute YTC of ISIN 2. Then adjust the YTC 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 YTC. The spread between YTC of ABC ISIN 1 and XYZ ISIN 1 is to be adjusted to derive YTC 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 YTC and price of the security should be

					computed.
Traded Today	N	N	N	Y	From the price of ISIN 2 of XYZ compute YTC of ISIN 2 of XYZ. Then derive YTC of ISIN 1 of XYZ by adjusting spread of YTC. 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 YTC 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 YTC 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 YTC of ISIN 2 by adjusting spread to the movement of benchmark ISIN over the period. Derive YTC of ISIN 1 of ABC from ISIN 2 of ABC by adjusting spread over YTC. 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.
No trade today. Check for actual trade during look back	N	N	Y	N	Arrive at YTC of ISIN 1 of XYZ by adjusting spread to the movement of benchmark ISIN over the period. Then the spread of YTC of XYZ ISIN 1 and ABC ISIN 1 is to be adjusted to arrive at YTC 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.
No trade today. Check for actual trade during look back	N	N	N	Y	Take YTC of ISIN 2 of XYZ by adjusting spread to the movement of benchmark ISIN over the period. Adjust the spread of YTC of ISIN 1 of XYZ and ISIN 2 of XYZ to arrive at YTC of ISIN 1 of XYZ. YTC of ISIN 1 of ABC will be derived by adjusting spread of YTC of ISIN 1 of XYZ to ISIN 1 of ABC (which appears to be a nearest maturity to ABC ISIN 1). Further, YTC 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 YTC. Yield to Call and Yield to Maturity shall be disclosed to investors.*

7. 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.

## Annexure B

### AMFI GUIDELINES ON POLLING PROCESS FOR MONEY MARKET AND DEBT SECURITIES

#### Polling Guidelines:

1. Valuation agencies shall identify the Mutual Funds/SIFs who shall participate in the polling process on a particular day, taking into account factors such as diversification of poll submitters and portfolio holding of the Mutual Funds/SIFs. Mutual Funds/SIFs who are identified by the valuation agencies shall necessarily participate in the polling process. However, in case any Mutual Fund/SIFs does not participate in the polling process, detailed reason for the same shall be recorded at the time and subsequently made available during SEBI inspections. In this respect, since a Mutual Fund/SIFs may have investments in similar securities, a security not forming part of investment universe may not be considered as an adequate reason for not participating in the polling process.
2. Polling will be carried out on a daily basis by the valuation agencies, in terms of points 9-11 below.
3. Each valuation agency needs to take polls from at least 5 unique Mutual Funds/SIFs on a daily basis. Hence, between the two valuation agencies 10 unique Mutual Funds/SIFs to be polled. They may cover more Mutual Funds/SIFs, over and above this. For benchmark securities a poll constituting at least 5 responses will be considered as valid. In case of non-benchmark securities a poll constituting at least 3 responses will be considered as valid. The responses received by each valuation agency will be shared with the other agency also.
4. Median of polls shall be taken for usage in valuation process.
5. The valuation agencies will also need to cover as many non- Mutual Fund participants as possible, over and above the Mutual Funds/SIFs, to improve on the polling output quality.
6. Endeavour would be made to have adequate representation of both holders and non-holders of the same bond/same issuer for non-benchmark securities in the poll process. Where this is not possible, valuation agencies may seek polls from holders of bonds with a similar structure.
7. In the case of issuers with multiple notch rating upgrades / downgrades over short periods of time, valuation agencies shall:
  - a. Conduct polls with a larger universe of pollers.
  - b. Increase the frequency of polling
8. Suo moto feedback on valuations should be entertained only through formal mails from persons designated by AMC for said purpose, and the same shall be validated through repolling. Any such feedback shall be duly recorded by the valuation agencies, including the reason for the challenge, results of repolling and subsequent changes in valuation on repolling, if any. Such records shall be preserved by the valuation agencies, for verification.
9. Polling will be done for two sets of securities, Benchmark & Others.
10. Benchmark will be defined for the following categories across tenors.
  - a) Treasury Bills
  - b) Central Government Securities
  - c) State Government Securities
  - d) AAA PSU / PFI / PSU Banks
  - e) AAA Private

- f) NBFC
- g) HFC
- h) Any other as required for improving fair valuations.

11. Polling shall be conducted in the following two scenarios:

- a) Validation of traded levels if they are outlier trades.
- b) Non traded Securities (in exceptional circumstances as defined in the waterfall mechanism for valuation of money market and debt securities).

12. Best efforts should be made by poll submitters to provide fair valuation of a security.

13. The polling process will be revalidated by external audit of the valuation agencies with at least an annual frequency

14. AM Cs shall have a written policy, approved by the Board of AMC and Trustees, on governance of the polling process. The aforesaid policy shall include measures for mitigation of potential conflicts of interest in the polling process and shall identify senior officials, with requisite knowledge and expertise, who shall be responsible for polling. Further, the policy should outline the following aspects:

- a. the process of participating in a polling exercise.
- b. identify the roles and responsibilities of persons participating in the polling.
- c. include policies and procedures for arriving at the poll submission
- d. cover the role of the Board of AMC and Trustees, and the periodic reporting that needs to be submitted to them.
- e. All polling should be preferably over email. In case for any reason, the polling is done by way of a telephonic call then such a call should be over recorded lines, followed subsequently by an email.
- f. AMCs should have adequate business continuity arrangements for polling, with the necessary infrastructure/ skill to ensure that consistent delivery of poll submissions is made without material interruption due to any failure, human or technical.

15. All polling done will have to be documented and preserved in format approved by the Board of AMC, for a period of eight years, along-with details of the basis of polling (such as market transactions, market quotes, expert judgement etc.).

16. AMCs shall ensure that participation in the polling process is not mis-used to inappropriately influence the valuation of securities. The officials of the AMC who are responsible for polling in terms of point no. 14 above, shall also be personally liable for any misuse of the polling process.

17. AMCs shall maintain an audit trail for all polls submitted to valuation agencies

### **Accounting Policies & Standards**

In accordance with the Regulations, the AMC will follow the accounting policies and standards, as detailed below:

- a. The AMC, shall keep and maintain proper books of account, records and documents for each Scheme/Investment Strategy, so as to explain its transactions and to disclose at any point of time the financial position of each Scheme/Investment Strategy and, in particular, give a true and fair view of the state of affairs of the Fund.
- b. For the purposes of the financial statements, the Mutual Fund/SIF shall mark all investments to market and carry investments in the balance sheet at market value. However, since the unrealized gain arising out of appreciation on investments cannot be

distributed, provision shall be made for exclusion of this item when arriving at distributable income.

- c. Dividend income earned by a Scheme/Investment Strategy shall be recognised, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments which are not quoted on the stock exchange, dividend income shall be recognised on the date of declaration.
- d. In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
- e. In determining the holding cost of investments and the gain or loss on sale of investments, the "average cost" method shall be followed for each security.
- f. Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the Scheme/Investment Strategy obtains an enforceable obligation to pay the price or, in the event of a sale, when the Scheme/Investment Strategy obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- g. Bonus shares to which the Scheme/Investment Strategy becomes entitled shall be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements shall be recognised only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.
- h. Where income receivable on investments has been accrued and has not been received for a period specified in the guidelines issued by SEBI, provision shall be made by debiting to the revenue account the income so accrued in the manner specified by guidelines issued by SEBI
- i. When in the case of an Open-ended Scheme/Investment Strategy units are sold, the difference between the sale price and the face value of the unit, if positive, shall be credited to reserves and if negative shall be debited to reserves, the face value being credited to Capital Account. Similarly, when units are repurchased, the difference between the purchase price and face value of the unit, if positive, shall be debited to reserves and, if negative, shall be credited to reserves, the face value being debited to the Capital Account.
- j. In the case of an Open-ended Scheme/Investment Strategy, when units are sold an appropriate part of the sale proceeds shall be credited to an Equalisation Account and when units are repurchased an appropriate amount would be debited to Equalisation Account. The net balance on this account shall be credited or debited to the Revenue Account. The balance on the Equalisation Account debited or credited to the Revenue Account shall not decrease or increase the net income of the Fund but is only an adjustment to the distributable surplus. It shall, therefore, be reflected in the Revenue Account only after the net income of the Fund is determined.
- k. The cost of investments acquired or purchased shall include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately

placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.

- I. Underwriting commission shall be recognised as revenue only when there is no devolvement on the Scheme. Where there is devolvement on the Scheme/Investment Strategy, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.
- m. The accounting policies and standards outlined above are as per the existing Regulations and are subject to change as per changes in the Regulations.

**A. Procedure and Recording of Investment Decisions:**

All investment decisions, relating to the schemes, shall be undertaken by the AMC in accordance with the Regulations and the investment objectives of the respective Scheme(s) /Investment Strategy. The Fund may additionally observe such internal guidelines as may be prescribed by the Boards of the AMC / Trustee Company or any internal committee.

All investment decisions shall be recorded in terms of clause 12.19.3.2 of SEBI Master Circular dated June 27, 2024 as amended from time to time. The Board of Directors of the AMC has appointed an Investment Committee of the AMC. The primary function of the Investment Committee shall, inter-alia, be to formulate and review the investment policy for the various schemes of the Mutual Fund/SIF and to review the portfolio and performance of the Schemes/Investment Strategy periodically.

The performance of each scheme/Investment Strategy shall be monitored by the Boards of AMC and Trustee Company on a periodic basis vis-a-vis the respective benchmark index as mentioned in the respective SIDs.

The Chief Executive Officer/Whole time Director of the AMC shall inter-alia ensure that the investments made by the fund managers are in the interest of the Unit holders. The Fund Manager shall ensure that the funds of the Scheme(s) are invested in line with the investment objective of the Scheme(s) /Investment Strategy and in the interest of the Unit holders.

**IX. COMPUTATION OF NAV**

**A. Policy of computation of NAV**

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

$$\text{NAV (Rs.)} = \frac{\text{Market or Fair Value of Scheme's investments} + \text{Current Assets} - \text{Current Liabilities and Provision (including accrued expenses)}}{\text{No. of Units outstanding under Scheme/Plan on the Valuation Date}}$$

The NAV will be calculated up to four decimals. The first NAV will be calculated and announced not later than 5 workings days from the date of allotment in the NFO. Thereafter, the NAV shall be calculated for close of each working day. The computation of NAV shall be in conformity with SEBI Regulations and guidelines as prescribed from time to time. The Direct Plan under the Scheme will have separate NAV. Separate NAV will be calculated and disclosed for each option. The NAVs of the growth option and the Income Distribution cum Capital Withdrawal will be different after the declaration of the first IDCW.

**Illustration for Computation of NAV:**

$$1.109 = \frac{10,01,00,000.00 + 10,00,000.00 - 10,000.00}{1,00,00,000.00} \quad \frac{10,10,90,000.00}{1,00,00,000.00}$$

## **B. Policy for computation of NAV in foreign securities**

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

$$\text{NAV (Rs.)} = \frac{\text{Market or Fair Value of Scheme's investments} + \text{Current Assets} - \text{Current Liabilities and Provision (including accrued expenses)}}{\text{No. of Units outstanding under Scheme/Plan on the Valuation Date}}$$

The NAV will be calculated up to four decimals. The first NAV will be calculated and announced not later than 5 working days from the date of allotment in the NFO. Thereafter, the NAV shall be calculated for close of each working day. The computation of NAV shall be in conformity with SEBI Regulations and guidelines as prescribed from time to time. The Direct Plan under the Scheme will have separate NAV. Separate NAV will be calculated and disclosed for each option. The NAVs of the growth option and the Income Distribution cum Capital Withdrawal will be different after the declaration of the first IDCW

Due to difference in time zones and market hours, timelines for declaration of NAV is prescribed depending on investment objective and asset allocation of schemes, which is tabulated below:

SR	Scheme type	Timeline
1	For schemes having exposure to ETCs	9 AM on T+1 day
2	Fund of Funds (FoFs) schemes	10 AM on T+1 day
3	Schemes investing atleast 80% of total assets in permissible overseas investments	10 AM on T+1 day 11 PM on T day
4	Index funds and ETFs investing atleast 80% of total assets in permissible overseas investments	10 AM on T+1 day

## **C. Procedure in case of delay in disclosure of NAV**

The NAV will be calculated by the AMC for each Business Day. The first NAV shall be calculated and declared within 5 business days from the date of allotment.

The AMC will update the NAVs on AMFI website [www.amfiindia.com](http://www.amfiindia.com) before 11.00 p.m. on every business day and also on its website (<https://www.360.one/dyna-sif>). For Schemes/Investment Strategy investing in foreign securities, the NAV shall be disclosed within the timelines as mentioned in paragraph B above. In case of any delay, in uploading of NAV on AMFI Website, the reasons for such delay would be explained to AMFI in writing. If the NAV is not available before the commencement of Business Hours on the following day due to any reason, the Mutual Fund/SIF shall issue a press release giving reasons and explaining when the Mutual Fund/SIF would be able to publish the NAV.

Further the SIF/Mutual Fund / AMC will extend facility of sending latest available NAVs of the Scheme to the Unit holders through SMS upon receiving a specific request in this regard. Also,

information regarding NAVs can be obtained by the Unit holders / Investors by calling or visiting the nearest ISC.Op

## **X. TAX & LEGAL & GENERAL INFORMATION**

### **A. Taxation on investing in Mutual Funds**

The following outline of tax implications is provided for general information purposes only, based on the law prevailing as at the date of this document and also incorporating the amendments made by the Finance Act, 2025. These implications should be considered in light of the specific facts of each individual case. Furthermore, in the event of periodic amendments to the relevant legislation, the nature and / or quantum of these benefits / implications are subject to change.

Accordingly, it is recommended that each unit holder should appropriately consult its tax consultant with respect to the specific tax implications arising out of their participation in the scheme.

#### **I. To the Mutual Fund:**

##### ***Income in the hands of the Mutual Fund***

The entire income of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 ('SEBI') or any regulations made thereunder is exempt from income tax in accordance with the provisions of section 10(23D) of the Income-tax Act, 1961 ('the Act').

Income received by a Mutual Fund is not liable for the deduction of income tax at source as per the provisions of section 196(iv) of the Act. Where the Mutual Fund receives any income from investments made in overseas jurisdictions, this income may be subject to withholding in the relevant jurisdiction. As the income of the Mutual Fund is exempt from tax in India, credits/refunds in relation to these foreign taxes may not be available in India.

##### ***Distribution of income by the Mutual Fund to the unit holders***

The Finance Act 2020 has abolished tax on income distributed by the Mutual Fund to its unit holders and hence, the Mutual Fund shall not be liable to any tax implication on such distribution.

##### ***Withholding tax liability of the Mutual Fund***

As per section 194K of the IT Act, in case of a mutual fund distributing any income (other than in the nature of capital gains) to a resident person, and the aggregate amount credited or paid during the year exceeds Rs. 5,000, then the Fund shall be liable to deduct tax @ 10% for resident unit holders.

Further, where income is distributed to non-resident unit holder, then the Mutual Fund will have to withhold taxes at rates in force (after considering any tax treaty benefit available to non-resident unit holder).

#### **II. To the unit holders:**

##### **1. Tax Rates**

The rates specified in this section pertain to the financial year ('FY') 2025-26 as per the Finance Act, 2025. The below mentioned rates are exclusive of surcharge and health and education cess as applicable.

Tax rates for specific type of assesses are as below:

<b>Taxpayer</b>	<b>% of Income Tax</b>
Individuals, Hindu Undivided Family ('HUF'), Association of Persons ('AOP'), Body of Individuals ('BOI'), artificial juridical person ('AJP')	Applicable slab rates
<b>Domestic Companies (Old Regime):</b>	
Turnover/gross receipt < INR 400 crores in FY 2023-24	25%
Turnover/gross receipt > INR 400 crores in FY 2023-24	30%
Partnership Firms / Limited Liability Partnership ('LLP')	30%
FPI / FII	30%
Other foreign company	35%

Note: The tax rates for domestic companies exercising the option under section 115BAA and section 115BAB (new regime) of the IT Act shall be 22% and 15% respectively, subject to fulfilment of the prescribed conditions.

The applicable slab rates for individuals / HUF / AOP / BOI / AJP as per Section 115BAC (new regime) are as follows, which should be computed without claiming the specified deductions / exemptions:

<b>Income tax slabs</b>	<b>Rates of Income tax</b>
Upto INR 400,000	Nil
INR 400,001 - INR 800,000	5%
INR 800,001 - INR 1,200,000	10%
INR 1,200,001 - INR 1,600,000	15%
INR 1,600,001 - INR 2,000,000	20%
INR 2,000,000 – INR 2,400,000	25%
Above INR 2,400,000	30%

Alternatively, in case individuals / HUF / AOP / BOI / AJP opts for old regime of taxation, following shall be the applicable tax rates:

<b>Income-tax Slabs</b>	<b>Rates of Income tax</b>
Up to INR 2,50,000	Nil
From INR 2,50,001 to INR 5,00,000	5%
From INR 5,00,001 to INR 10,00,000	20%
INR 10,00,001 and above	30%

Notes:

- As per the provisions of section 87A of the IT Act, an individual resident is entitled to a tax rebate of INR 12,500 or 100% of income-tax, whichever is less (under old regime). The rebate shall be available to individual taxpayers having total income upto INR 5,00,000. However, for assessee chargeable to tax under section 115BAC(1A) of the IT Act (i.e., new regime), rebate should be to the extent of INR 60,000 where total income does not exceed INR 12,00,000.
- In the case of a resident individual of the age of 60 years or more but less than 80 years, the basic exemption limit is INR. 3,00,000 under old regime.
- In the case of a resident individual of the age of 80 years or more, the basic exemption limit is INR. 5,00,000 under old regime.

### **Surcharge**

Surcharge rates for Individual, HUF, AOP, BOI and AJP are provided below:

<b>Income Bracket</b>	<b>Surcharge* rate as a % of income-tax</b>
If income is up to INR 50 lakhs	0%
If income is more than INR 50 lakhs but does not exceed INR 1 Crore	10%
If income exceeds INR 1 Crore but does not exceed INR 2 Crores	15%
If income exceeds INR 2 Crores but does not exceed INR 5 Crores	25%
If income exceeds INR 5 crores	37%

*\*It may be noted that in case the total income includes any income referred to in section 111A or section 112 or section 112A of the IT Act or dividend income from shares, surcharge on such income shall not exceed 15%. Further, for assesses who chargeable to tax under section 115BAC(1A) of the IT Act (new regime), maximum surcharge is 25%.*

Surcharge rates for other types of investors are provided below:

<b>Type of Investor</b>	<b>Surcharge rate as a % of income-tax</b>		
	<b>If income does not exceed INR 1 crore</b>	<b>If income exceeds INR 1 crore but does not exceed INR 10 crore</b>	<b>If income exceeds INR 10 crore</b>
Partnership firm / LLP	Nil	12%	12%
Domestic Company (not exercising the option under section 115BAA or section 115BAB of the IT Act) (refer Note 1)	Nil	7%	12%
Domestic Company exercising the option under section 115BAA or section 115BAB of the IT Act	10%	10%	10%
Foreign Company	Nil	2%	5%

### **Education Cess**

Additionally, health and education cess, at the rate of 4% is leviable on the aggregate of income-tax and surcharge.

### **2. Deduction from total income**

Under section 80C of the Act, an assessee, being an individual or HUF, is eligible to claim a deduction up to an aggregate of INR 1.5 lakhs on account of sums paid as subscription to units of an Equity Linked Savings Scheme ('ELSS'). Individuals/ HUF opting for the optional tax regime under section 115BAC of the Act are not eligible for Chapter VI-A deductions, the investment in ELSS Funds cannot be claimed as deduction from the total income.

ELSS refers to a scheme formulated under Equity Linked Savings Scheme, 2005, as notified by the Central Board of Direct Taxes ('CBDT'), Ministry of Finance *vide* notification dated 3 November 2005 as amended *vide* notification dated 13 December, 2005.

### **3. Securities Transaction Tax**

Under chapter VII of the Finance (No. 2) Act, 2004, the unit holder is liable to pay Securities Transaction Tax ('STT') on any 'taxable securities transaction' at the applicable rate. Taxable securities transactions include the purchase or sale of units of an equity oriented fund, entered into on the stock exchange or the sale of units of an equity oriented fund to the Mutual Fund.

The purchaser of the units of an equity oriented fund is not liable to pay STT where the purchase is entered into on a recognised stock exchange and the contract for the purchase of such units is settled by the actual delivery or transfer of such units.

The seller of the units of an equity oriented fund is liable to pay STT at 0.001% where the sale is entered into on a recognised stock exchange and the contract for sale of such units is settled by the actual delivery or transfer of such units.

At the time of the sale of units of an equity oriented fund to the Mutual Fund (for the purpose of redemption), the seller is required to pay STT @ 0.001%.

STT is not applicable on purchase/ sale/ redemption of units other than equity oriented units.

STT is not deductible for the computation of capital gains. However, if it is held that gains on the sale of securities are in the nature of business profits, then for the purpose of computing the business income, an amount equivalent to the STT paid on the transaction value will be allowed as a deduction from the gains earned, under section 36 of the Act.

#### **4. Incomes distributed by mutual funds**

Income from shall be taxable in the hands of the investors (i) at the applicable tax rates [i.e. at the rates specified in above paragraphs for resident unitholders]; (ii) at the rate of 20% (plus surcharge and health and education cess) for non-residents for units purchased in foreign currency / FPIs, subject to treaty benefits, if any; and (iii) at applicable rates (discussed in point 1 above) for non-residents for units not purchased in foreign currency.

Further, for resident investors interest expenditure up to 20% of the dividend income shall be allowable as a deduction from such income.

#### **5. Income on transfer / redemption of units**

Income arising on transfer / redemption of units, as well as from switching between schemes will be chargeable to tax under the Act. The characterisation of income from investments in securities as 'business income' or 'capital gains' should be examined on a case-by-case basis. However, the CBDT has issued a circular<sup>1</sup> which states the following:

- Where the assessee opts to treat the listed shares/ securities as stock-in-trade, the income arising from the transfer of such listed shares/ securities would be treated as business income.
- If the assessee desires to treat the gains arising from transfer of listed shares/ securities held for a period of more than 12 months as capital gains, the same shall not be put to dispute by the Assessing Officer.

The aforementioned circular shall not apply in a case where the genuineness of the transaction itself is questionable.

Investors may also refer to CBDT instruction no. 1827 dated August 31, 1989 read with CBDT Circular no. 4 dated June 15, 2007 for further guidance on this matter.

As per section 2(14) of the Act, any investment in securities made by (i) Foreign Institutional Investors ('FIIs') in accordance with the regulations made under the Securities and Exchange Board of India ('SEBI') and (ii) SEBI registered Category I and Category II Alternative Investment Funds ('AIFs') would be treated as a capital asset. Consequently, any income arising from transfer of securities by such investors are to be treated in the nature of capital gains.

##### **o Business Income**

Where the units of the Mutual Fund are held as stock-in-trade, then any income arising from the transfer / redemption of units would be taxed under the head of "Profits and gains of

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<sup>1</sup> Circular no. 6/ 2016 dated February 29, 2016

business or profession” under section 28 of the Act. The gain / loss is to be computed under the head of “Profits and gains of business or profession” after allowing for normal business expenses (inclusive of the expenses incurred on the transfer).

Business income is chargeable to tax as per the applicable tax rates mentioned in point 1 above.

○ **Capital Gains**

The mode of computation of capital gains would be as follows:

Sale Consideration	xxx
Less: Cost of acquisition	(xxx)
Less: Expenses in connection with transfer	(xxx)
<b>Capital Gains</b>	<b>Xxx</b>

● **Period of holding for capital gains and capital gains tax rates**

Type of instrument	Transfers from 1 <sup>st</sup> April 2025 and onwards	
	Period of holding	Characterization
Units of Equity Oriented Mutual Funds (including ELSS)	More than 12 months	Long-term Capital Asset
	12 months or less	Short-term Capital Asset
Specified Mutual Fund (as defined below)* acquired on or after April 1, 2023	Irrespective of holding period	Short-term Capital Asset
Specified Mutual Fund (as defined below)* acquired before April 1, 2023	More than 24 months	Long-term Capital Asset
	24 months or less	Short-term Capital Asset
Units of other Mutual Funds (which (i) invests 65% or less in debt and money market instruments and (ii) less than 65% in listed Indian company)	More than 24 months	Long-term Capital Asset
	24 months or less	Short-term Capital Asset
Units of listed Exchange Traded Funds investing in commodities	More than 12 months	Long-term Capital Asset
	12 months or less	Short-term Capital Asset

\* “Specified Mutual Fund” means, (a) a Mutual Fund by whatever name called, which invests more than 65% of its total proceeds in debt and money market instruments; or (b) a fund which invests 65% or more of its total proceeds in units of a fund referred to in sub-clause (a).

Debt and money market instruments shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.

Taxability of capital gains under the IT Act (without considering the benefits under the tax treaties for non-resident investors) should be as follows:

Type of instrument	Transfers on or after 1 <sup>st</sup> April, 2025		
	Resident	Non-resident	FPI
<b>Equity oriented Mutual Funds (STT paid) including ELSS</b>			
Long-term	12.5%	12.5%	12.5%
Short-term	20%	20%	20%

<b>Specified Mutual Funds (as defined above) acquired on or after April 1, 2023</b>			
Always short-term	Applicable tax rate	Applicable tax rate	30%
<b>Specified Mutual Fund acquired before April 1, 2023 and Other Mutual Funds</b>			
Long-term	12.5%	12.5%	12.5%
Short-term	Applicable tax rate	Applicable tax rate	30%

Note:

- a) For applicable tax rate refer to tax rates mentioned in point 1 above.
- b) The cost of acquisition of units of an equity oriented mutual funds acquired before 1 February 2018, shall be higher of:
  - the actual cost of acquisition; and
  - Lower of:
    - o Fair market value as on 31 January 2018, determined in the prescribed manner; and
    - o Value of consideration received or accruing upon transfer.
- c) Capital gains tax on transfer of listed equity shares and equity oriented mutual funds to be payable on capital gains exceeding INR 1.25 lakhs.
- d) No foreign exchange benefit is available to non-residents and FPI.
- e) Surcharge and cess (as mentioned in point 1 above) to be added to above rates.
- f) In cases where the taxable income, reduced by long term capital gains of a resident individual or HUF is below the taxable limit, the long term capital gain will be reduced to the extent of this shortfall and only the balance of the long term capital gain is chargeable to income tax.

### **Tax Deductions**

The following deductions are available on long term capital gains arising on the transfer of Mutual Fund units, if the sale proceeds are invested in eligible avenues:

<b>Key consideration</b>	<b>Section 54F*</b>
Eligible persons	Individuals and HUFs
Asset to be purchased to claim exemption	One residential house in India
Time limit for purchase from date of sale of MF units	Purchase: 1 year backward / 2 years forward or Construction: 3 years forward
Amount Exempted	Capital gains proportionate to the investment made from the sale proceeds (subject to other conditions of owning / purchasing the residential house mentioned in the section); value of new property purchase exceeding INR 10 crore to be ignored for the purpose of computation
Lock-in period	3 years

*\*other conditions mentioned in the respective section to be complied with.*

### **• Capital losses**

Losses under the head capital gains cannot be set off against income under any other head. Furthermore, within the head capital gains, losses arising from the transfer of long term capital assets cannot be adjusted against gains arising from the transfer of a short term capital asset. However, losses arising from the transfer of short term capital assets can be adjusted against gains arising from the transfer of either a long term or a short term capital asset.

Unabsorbed long term capital losses can be carried forward and set off against the long term capital gains arising in any of the subsequent eight assessment years. Unabsorbed short term

capital losses can be carried forward and set off against the income under the head capital gains in any of the subsequent eight assessment years.

- **Consolidation / Merger of schemes**

In case of consolidation of mutual fund schemes, the investors generally receive units in the consolidated scheme in consideration of units held in the consolidating scheme. The following provisions are applicable in case of consolidation of mutual fund schemes.

- As per section 47(xviii) of the Act, any transfer of units held by the investor in the consolidating scheme of the mutual fund in consideration of allotment of units in the consolidated scheme, shall not to be regarded as a taxable transfer, provided that the consolidation is of two or more schemes of an equity oriented fund or two or more schemes of a fund other than equity oriented fund.
- Further, as per section 49(2AD) of the Act, the cost of acquisition of units in the consolidated scheme shall be deemed to be the cost of acquisition of the units in the consolidating scheme. Also, as per section 2(42A) of the Act, the period of holding of the units in the consolidated scheme shall include the period of holding of the units in the consolidating scheme.
- 'Consolidating scheme' has been defined under section 47(xviii) of the Act as the scheme of a Mutual Fund which merges under the process of consolidation of the schemes of mutual fund in accordance with the SEBI (Mutual Funds) Regulations, 1996. 'Consolidated scheme' has been defined as the scheme with which the consolidating scheme merges or which is formed as a result of such merger.

- **Consolidation of plans within a scheme of a mutual fund**

- In case of consolidation of mutual fund plans within a scheme, the investors generally receive units in the consolidated plan in consideration of units held in the consolidating plan. As per section 47(xix) of the Act, any transfer of units (held by the investor as a capital asset) on account of a consolidation of a plan with other plans of the same scheme shall not be regarded as a taxable transfer.
- Further as per section 49(2AF) of the Act, the cost of acquisition of units in a consolidated plan shall be deemed to be the cost of acquisition of units in the consolidating plan. Also, as per section 2(42A) of the Act, the period of holding of the units in the consolidated plan shall include the period of holding of the units in the consolidating plan.
- "Consolidating plan" has been defined under section 47(xix) of the Act as the plan within a scheme of a mutual fund which merges under the process of consolidation of the plans within a scheme of mutual fund in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. "Consolidated plan" has been defined as the plan with which the consolidating plan merges or which is formed as a result of such merger.

## **6. Minimum Alternate Tax**

The IT Act provides for levy of Minimum Alternate Tax ('MAT') on corporates if the tax amount calculated at the rate of 15% (plus applicable surcharge and health and education cess) of the book profits, as the case may be, is higher than the tax amount calculated under the normal provisions of the IT Act.

If MAT is held to be applicable to the Investors, then income receivable by such Investors from their investment in the Fund should also be included to determine the MAT.

The MAT provisions are not applicable to a non-resident if, (a) the assessee is a resident of a country with which India has DTAA and the assessee does not have a permanent establishment in India; or (b) the assessee is a resident of a country with which India does not have a Tax Treaty and is not required to seek registration under the Indian corporate law. Further, the above provisions are not applicable in case of a person who opted for new regime (i.e. exercises the option referred to in section 115BAA or section 115BAB of the IT Act).

## **7. Alternate Minimum Tax**

The IT Act provides for levy of Alternate Minimum Tax ('AMT') on non-corporate tax payers if the tax amount calculated at the rate of 18.5% (plus applicable surcharge and health and education cess) of the adjusted total income, as the case may be, is higher than the regular income-tax payable under the normal provisions of the IT Act. Such provisions are not applicable if the adjusted total income does not exceed INR 20,00,000. Further, as per FA 2020, the above provisions are not applicable in case of a person who opted for new regime (i.e. exercises the option referred to in section 115BAC or section 115BAD of the IT Act).

Where AMT has been paid, credit is available in subsequent financial years for the AMT paid in excess of income-tax payable in a financial year. This credit should be eligible to be carried forward for 15 years and set-off against future income-tax payable to the extent normal income-tax payable exceeds AMT in that financial year.

If AMT is held to be applicable to the unitholder, then income receivable by such unitholder from their investment in the fund shall also be included to determine the AMT..

## **8. Tax deduction at source on capital gains**

### **• Resident unit holders**

No income tax is required to be deducted at source from capital gains arising on transfer of units by resident unit holders.

### **• Foreign Institutional Investors /Foreign Portfolio Investors**

As per the provisions of section 196D of the Act, no deduction of tax shall be made from any income from capital gains arising from the transfer of securities referred to in section 115AD, payable to FIIs.

As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as 'Foreign Institutional Investor' for the purposes of clause (a) of the Explanation to section 115AD of the Act.

### **• Other Non-Resident unit holders (other than Foreign Institutional Investors /Foreign Portfolio Investors)**

Tax is required to be deducted at source under section 195 of the Act, on payment to a non-resident of any sum chargeable under the provisions of the Act at the rates in force (i.e. rates mentioned in point 1 or point 5 above, as may be applicable).

A non-resident, eligible to claim treaty benefits, would be governed by the provisions of the Act to the extent that they are more beneficial. Accordingly, tax should be withheld as per the provisions of the Act or the provisions of the relevant Double Taxation Avoidance Agreement ('DTAA'), whichever is more beneficial to the assessee. However, the Unit holder will be required to provide appropriate documents to the Fund in order to be entitled to a beneficial rate under such DTAA.

As per section 90(4) of the Act, a non-resident shall not be entitled to claim treaty benefits, unless the non-resident obtains a Tax Residency Certificate ('TRC') of being a resident of his home country. Furthermore, as per section 90(5) of the Act, non-resident is also required to provide such other documents and information, in Form 10F.

## **9. Failure to provide Permanent Account Number ('PAN')**

Section 206AA of the Act states that the deductee is required to furnish his PAN to the deductor failing which the deductor shall deduct tax at source at the higher of the following rates:

1. The rate prescribed in the Act;
2. The rate in force i.e., the rate mentioned in the relevant Finance Act; or
3. The rate of 20%.

However, as per notification no. 53/2016, in the case of a non-resident, not being a company, or a foreign company and not having PAN, the aforementioned provisions of section 206AA of the Act shall not be applicable on payments for transfer of capital asset, if the following documents are provided by the deductee to the deductor:

- Name, e-mail address, contact number and address;
- A certificate of the deductees being resident in their respective countries from the Governments of those countries if the law of that country provides for issuance of such certificate; and
- Tax Identification Number or a unique number on the basis of which the deductees could be identified by their Governments as a resident of those countries.

## **10. FILING OF INCOME TAX RETURN BY THE UNIT HOLDER**

A new section has been inserted in the Act by Finance Act 2021, effective from July 1, 2021, namely, Section 206AB. As per the said section, withholding tax rate will be higher of the following: i. at twice the rate specified in the relevant provision of the Act; or ii. at twice the rate or rates in force; or iii. at the rate of five per cent. The said section will apply only in case of those resident and non-resident unitholders (except for a nonresident unitholder who does not have a PE in India) who have not filed their returns of income for one relevant previous years immediately preceding the previous year in which the tax has to be deducted, for which the time limit of filing return of income under section 139(1) has expired and the aggregate of tax deducted at source and tax collected at source in such unitholder's case is rupees fifty thousand or more in each of the aforesaid two previous years. The provision of this section has been deleted with effect from April 1, 2025.

## **11. Dividend stripping**

As per section 94(7) of the Act, loss arising on sale of units which are bought within 3 months of the record date and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempted income received or receivable on such units.

However, since the Income Distribution cum Capital Withdrawal income is not exempt from tax under the Act, provisions of section 94(7) are now academic.

## **12. Bonus stripping**

As per section 94(8) of the Act, units purchased within a period of 3 months prior to record date of entitlement of bonus and sold within a period of 9 months after such date, the loss arising on the transfer of original units shall be ignored for the purpose of computing the income chargeable to tax.

The amount of loss ignored shall be deemed to be the cost of purchase / acquisition of the bonus units.

- II. **Charitable Trust registered under the Act** Investments in units of the Mutual Fund will rank as an eligible form of investment under section 11(5) of the Act read with Rule 17C of the Income-tax Rules, 1962 for Charitable Trusts.

#### **IV. New pension scheme**

Any income, including gains from redemption of Mutual Fund units, received by any person for, or on behalf of, the New Pension System Trust (as established under the provisions of Indian Trust Act, 1882, on 27 February, 2008), is exempt in the hands of such person under section 10(44) of the Act.

STT is not leviable in respect of taxable securities transactions entered into by any person for, or on behalf of, the New Pension System Trust referred to in section 10(44) of the Act.

#### **V. Tax on Gifts**

Gift of Mutual Fund units would be subject to income tax in the hands of the donee. As per section 56(2)(x), receipts of securities, the fair market value of which exceeds fifty thousand rupees, without consideration or without adequate consideration is taxable as income in the recipients.

**However, the above provision of section 56(2)(x) shall not apply to any units received by the donee in certain cases including as below:**

- (a) From any relative; or
- (b) On the occasion of the marriage of the individual; or
- (c) Under a will or by way of inheritance; or
- (d) In contemplation of death of the payer or donor, as the case may be; or
- (e) From any local authority as defined in the Explanation to clause (20) of section 10 of the Act; or
- (f) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the Act; or
- (g) From any trust or institution registered under section 12AA of the Act.
- (h) By any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10; or
- (i) By way of transaction not regarded as transfer under clause (i) or clause (iv) or clause (v) or clause (vi) or clause (via) or clause (viaa) or clause (vib) or clause (vic) or clause (vica) or clause (vicb) or clause (vid) or clause (vii) or clause (viiac) or clause (viiad) or clause (vii ae) or clause (vii af) of section 47; or
- (j) From an individual by a trust created or established solely for the benefit of relative of the individual.

The term 'relative' shall mean:

A] In the case of an Individual -

- (i) The spouse of the individual
- (ii) The brother or sister of the individual
- (iii) The brother or sister of the spouse of the individual
- (iv) The brother or sister of either of the parents of the individual
- (v) Any lineal ascendant or descendant of the individual
- (vi) Any lineal ascendant or descendant of the spouse of the individual
- (vii) The spouse of the person referred to in clauses (ii) to (vi), and

B] In case of a HUF, any member thereof.

#### **VI General Anti-Avoidance Rule ('GAAR')**

Under the Act, GAAR may be invoked by the Indian income-tax authorities in case arrangements are found as impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the four below mentioned tainted elements:

- The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's length;
- It results in direct / indirect misuse or abuse of the Act;
- It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- It is entered into or carried out in a manner, which is not normally employed for bona fide purposes.

In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or re-characterise or disregard the arrangement. Some of the illustrative powers are:

- Disregarding or combining or re-characterising any step in, or part of the arrangement;
- Ignoring the arrangement for the purpose of taxation law;
- Relocating place of residence of a party, or location of a transaction or situs of an asset to a place other than provided in the arrangement;
- Looking through the arrangement by disregarding any corporate structure; or
- Reallocating and re-characterizing equity into debt, capital into revenue, etc.

### ***VII Multilateral Convention to implement tax treaty related measures to prevent Base Erosion and Profit Shifting ('MLI')***

The Organisation of Economic Co-operation and Development ('OECD') released the Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting ('MLI'). The MLI, amongst others, includes a "principal purpose test", wherein Tax Treaty benefits can be denied if one of the principal purpose of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit. The MLI has also expanded the scope of permanent establishment to include agent (excluding an independent agent) playing principal role, leading to routine conclusion of contracts without material modification. For this purpose, an agent is not considered independent if it acts exclusively or almost exclusively on behalf of one or more closely related enterprises. India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLI.

### ***VIII FATCA guidelines***

According to the Inter-Governmental Agreement read with the Foreign Account Tax Compliance Act ('FATCA') provisions, foreign financial institutions in India are required to report tax information about US account holders to the Indian Government. The Indian Government has enacted rules relating to FATCA reporting in India. A statement is required to be provided online in Form 61B for every calendar year by 31 May. The Reporting Financial Institution is expected to maintain and report the following information with respect to each reportable account:

- the name, address, taxpayer identification number [TIN (assigned in the country of residence)] and date and place of birth [DOB, POB (in the case of an individual)];
- where an entity has one or more controlling persons that are reportable persons:
  - the name and address of the entity, TIN assigned to the entity by the country of its residence; and
  - the name, address, DOB, POB of each such controlling person and TIN assigned to such controlling person by the country of his residence;
- account number (or functional equivalent in the absence of an account number);
- account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year;

- the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year; and
- in case of any account held by a non-participating financial institution (NPFI), for the calendar years 2015 and 2016, the name of NPFI and aggregate amount of such payments.

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and other reportable accounts

### ***IX Goods and Service Tax***

GST shall be applicable on services provided by the Investment Manager and Trustee to the Fund. GST rate on such services is currently 18%. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards investment management fee and Trusteeship Fees payable by the Fund to the Investment Manager and Trustee, respectively.

## **B. Legal Information**

### **i. Nomination Facility:**

Pursuant to Regulation 29A of the SEBI (MF) Regulations, clause 17.16 of SEBI Master Circular dated June 27, 2024 and SEBI Circular dated January 10, 2025, and February 28, 2025 investors subscribing to mutual fund units, shall have the choice of:

a. Providing nomination in the format specified in fourth schedule of SEBI (Mutual Funds) Regulations, 1996 (or)

b. Opting out of nomination through a signed Declaration form.

The investors have an option to submit either the nomination form or the declaration form for opting out of nomination in physical or online. In case of physical option, the forms shall carry the wet signature of all the unit holder(s) and in case of online option, instead of wet signature(s) of all the unit holder(s), the forms shall be validated:

- using e-Sign facility recognized under Information Technology Act, 2000; or
- through two factor authentication (2FA) in which one of the factor shall be a One-Time Password sent to the unit holder at his/her email/phone number registered with the AMC/RTA records / provided as part of the transaction; or
- Upload of wet-signed Nomination form.

(a) In case of physical application:

The Unit Holder/s can at the time an application is made or by subsequently writing to Official Point of Acceptance of transactions, request for a Nomination Form or the opt-out form in order to nominate or opt-out. An Unit Holder can nominate one/more person/s (multiple nominations) to receive the Units upon his/ her death subject to the completion of the necessary formalities. To enable the AMC to transfer the unit holdings in the name of the Nominee upon death of a Unitholder, the AMC shall call for requisite documents from the Nominee (for list of documents please refer to section on 'Transfer and Transmission of units').

AMC / RTA shall validate the correctness and completeness of the Nomination form / Opt-out form submitted with the application form or filled as part of the application form including availability of signature of all unit holders.

If the nominee / opt-out details are incomplete or the mandatory information is not provided, the form shall be considered as 'Not in good order' (NIGO) and the investor shall be notified promptly to remediate the same.

(b) In case of Online/Digital transactions (AMC/ RTA website / digital platforms):

1. Nomination / opt-out details shall be mandatory as part of new folio creation.

2. Investors shall mandatorily provide the following:
  - a) 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)
  - b) full contact details of nominee(s) such residential address, e-mail address, telephone / mobile number
  - c) relationship of nominee(s) with the investor
3. d) Date of birth of nominee(s) (if nominee is a minor) Valid email and/or mobile phone number of (all) applicant(s) for new folio creation + family declaration shall be mandatory.
4. Where nomination form / opt-out form is e-Signed or a scanned copy of wet-signed Nomination form is uploaded or done using 2FA (OTP), it is required to have signatures of all the applicants/ holders or OTP confirmation from all the applicants/ holders, irrespective of the mode of holding.
5. If the contact details provided as part of the transaction are matched with contact details of the distributor / AMC or RTA employee email / mobile master, such contact information should not be accepted, if family declaration has not been not provided or the distributor is not part of the folio as First holder / Joint Holder / Guardian.

(c) In case of Online/Digital platforms (Channel Partners, Exchange (Non-Demat), MFU) – collectively referred as 'Intermediaries':

1. Intermediaries shall use the standard feed format prescribed by RTAs.
2. Nomination / opt-out details shall be mandatory for new folio creation, by either providing e-Signed form or scanned copy of wet-signed Form or via 2FA (OTP) validated for all the unit holders (including joint holders) on their registered email/phone number submitted along with the fresh purchase/folio creation.
3. For transactions where 2FA has been used as mode of validation, valid email and/or mobile of the respective holder(s) with family declaration shall be mandatory.
4. Intermediaries shall upload the e-Signed document / scanned copy of wet-signed document along with the transaction to RTA for each new folio creation or latest by 6 p.m. on the same day of reporting the transaction.
5. Where 2FA is used for validation of Nomination/Opt-out details, intermediaries shall validate by sending OTP to all the holders in the transaction. Contacts of all holders, used for sending OTP, shall be given as part of the transaction feed.
6. Wherever intermediaries have used 2FA for validation, RTA shall independently send the transaction confirmation email/SMS to all the holders, based on the contact details given in the transaction feed and track for delivery status. Transaction will be accepted subject to successful delivery of communication to at least one of the contacts.
7. If both email and SMS transaction confirmation delivery fails, such transaction shall be considered for processing subject to availability of complete e-Signed / Wet-signed nomination from.
8. If the contact details provided as part of the transaction are matched with distributor details/AMC/RTA employee email/mobile master, such contact information shall not be updated in the system, unless family declaration has been provided or the distributor is one of the holders in the folio. In such circumstances, the transaction will be subjected to availability of valid e-Signed / Wet-signed nomination form.
9. AMC/RTA shall ensure appropriate mechanism for validation of e-Signed document by matching Name(s) as per e-Signed document and Name(s) as per the folio and only valid e-Signed form by all unit holder(s) shall be treated as valid application.

Nomination will be maintained at the folio or account level and will be applicable for investments in all schemes in the folio or account.

The requirement of nomination specified under clause 17.16 of the Master Circular dated June 27, 2024 shall be optional for jointly held SIF folios. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. In case of joint accounts / holdings, upon demise of one or more joint holder(s), the regulated entity shall transmit the assets held to the surviving joint holder(s) vide name deletion of the deceased holder(s). However, the regulated entity shall provide the option to surviving joint holder(s) to transmit the assets held, into another existing or new account /folio.

Nomination will be not allowed in a folio held on behalf of a minor. 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. Minor(s) can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the Unit holder. However, in such cases, the unit holder(s) cannot be the guardian of the nominated minor. 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.

Nomination can be made for maximum of three nominees. In case of multiple nominees, the percentage of allocation / share in favour of each of the nominees should be indicated against their name and such allocation / share should be in whole numbers without any decimals making a total of 100 percent. In the event of Unitholders not indicating 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.

Nomination in respect of the Units stands rescinded upon the redemption of Units. Every new nomination for a folio/account will overwrite the existing nomination. Cancellation of nomination can be made only by those individuals who hold Units on their own behalf singly or jointly and who made the original nomination. On cancellation of the nomination, the nomination shall stand rescinded and the Mutual Fund /AMC shall not be under any obligation to transfer the Units in favour of the nominee(s).

The nomination facility extended under the Scheme is subject to existing laws. The AMC shall, subject to production of such evidence which in their opinion is sufficient, proceed to effect the payment to the Nominee(s). Transfer of Units / payment to the nominee(s) of the sums shall discharge the Mutual Fund / AMC of all liability towards the estate of the deceased Unit holder and his/her/their successors/legal heirs.

### **Nomination in case of Units held in Electronic (Demat) Mode**

For units of the Scheme(s) held in electronic (demat) form with the Depository, the nomination details provided by the Unit holder to the depository will be applicable to the Units of the SIF. Such nomination including any variation, cancellation or substitution of Nominee(s) shall be governed by the rules and bye-laws of the Depository. Payment to the nominee of the sums shall discharge the Mutual Fund of all liability towards the estate of the deceased Unit holder and his/her legal successors/legal heirs. In case nomination has been made for DP account with joint holders, in case of death of any of the joint holder(s), the securities will be transmitted to the surviving holder(s). Only in the event of death of all the joint holders, the securities will be transmitted to the nominee. In case nomination is not made by the sole holder of DP account, the securities would be transmitted to the account of legal heir(s), as may be determined by an order of the competent court.

#### **ii. Prevention of Money Laundering and Know Your Customer (KYC) requirements:**

Please refer note on 'Prevention of Money Laundering and Know Your Customer (KYC) requirements under section VII -'How to apply'.

### iii. Transfer and Transmission of units:

The SIF will be repurchasing (subject to completion of Lock-in Period, if any) and issuing units of the SIF on an ongoing basis and hence the transfer facility is found redundant. Any addition / deletion of name from the folio of the Unit holder is deemed as transfer of Units. In view of the same, additions / deletions of names will not be allowed under any folio of the Investment Strategy. The said provisions in respect of deletion of names will not be applicable in case of death of a Unit holder (in respect of joint holdings) as this is treated as transmission (transfer of units by operation of law) of Units and not transfer, however the joint holder/nominee can opt to add joint holder/s in the account created in their name as part of transmission process. This process of adding joint holder/s is also allowed in case of minor unit holder attaining majority.

If a transferee becomes a holder of the Units by operation of law or upon enforcement of a pledge, then the AMC shall, subject to production of such evidence and submission of such documents, which in their opinion is sufficient, proceed to effect the transfer, if the intended transferee is otherwise eligible to hold the Units.

#### iii(a) Transfer of Units:

##### A. Facility for transfer of units held in SoA mode:

As per the AMFI Best Practices Guidelines Circular No.116 /2024-25 dated August 14, 2024 on 'Standard Process for Transfer of Units held in Non-Demat (SoA) mode' ('AMFI Guidelines'), effective November 14, 2024, units held by individual unitholders [in any schemes of mutual fund except in case of Exchange Traded Funds (ETFs)] in Non-Demat ('SoA') mode can be transferred for specified cases as stated in AMFI Guidelines and as per AMFI Best Practices Guidelines Circular No. 119/2025-26 dated May 08, 2025 on "Standard Process for Transfer of Units held in Non-Demat (SoA) mode for Individual Holders", effective May 19, 2025, the facility is now being extended to all the investors under resident/non-resident individual category.

Pre-requisites for transfer of units held in Non-Demat [Statement of Account ('SOA')] mode:

- 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.
- 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.
- The transferee(s) should mandatorily –
  - a) be an individual / individual(s).
  - b) have a valid folio\* in the mutual fund in which the transferor wishes to transfer the units.
  - c) be KYC compliant with "KYC validated" status.
  - d) have valid PAN.
  - e) have/provide a valid CBS Bank account details of the transferee/ 1st named transferee (in case of more than one transferee).
  - f) have a valid email address and mobile number.
  - g) have submitted duly completed Nomination form or Opt-out declaration.
  - h) should be eligible to hold the Units as per the respective SID.

i) fulfil any other regulatory requirement as may be applicable.

\* Note: If the transferee(s) does not / do not have an existing folio with the Fund, the transferee(s) shall be required to first open a 'Zero Balance Folio'. The folio must be compliant with all mandatory requirements such as KYC compliance, bank account validation, FATCA, nomination, email address and mobile number, etc.

• 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.

#### **Payment of Stamp duty on Transfer of Units:**

- The Stamp duty for transfer of units, if/where applicable, shall be payable by the transferor.
- 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).
- The stamp duty if/where applicable, shall be collected by the RTAs from the transferor through online mode by ensuring that the payment is received from the bank account registered in the folio.

#### **B. Units held in Electronic (Demat) Mode:**

For units of the Scheme(s) held in electronic (demat) form, the Units will be freely transferable (subject to lock-in period, if any) and will be subject to the transmission facility in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996 as may be amended from time to time.

The delivery instructions for transfer of units will have to be lodged with the DP in the requisite form 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.

#### **iii(b) Transmission of Units:**

- **Deletion of names of the deceased unit holders in case of death of 2nd and/or 3rd Holder:**

i. Request Form from surviving unitholder(s) requesting for Deletion of Name of Deceased 2nd and/or 3rd Holder.

ii. 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).

iii. 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 unit holders.

iv. 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".

v. 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.

- **Transmission of Units to surviving unit holder(s) in case of death of the 1st holder:**

i. Transmission Request Form for Transmission of Units to the surviving unitholder/s.

ii. 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).

iii. 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.

iv. KYC Acknowledgment OR KYC Form of the surviving unit holder(s), if not KYC compliant.

**v. Transmission will be completed only once the status of the KYC is "KYC complied".**

**vi. 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.**

**• Transmission of Units to the registered Nominee/s in case of death of Sole or All unitholders:**

i. Transmission Request Form (TRF) for Transmission of Units in favour of the Nominee(s).

ii. Self-attested copy of Death Certificate of the deceased investor. iii. Due discharge from the creditors if there are subsisting credit facilities secured by a duly created pledge.

iv. Due completion, updating or reaffirming of the KYC of nominee/s.

v. Regulated entities shall not seek any other documentation including affidavits, indemnities, undertakings, attestations or notarizations from the nominee(s).

vi. No claims in respect of such transmission shall subsist against regulated entities and any claim or contestation shall be only amongst the nominee(s) and the claimants without reference to regulated entities.

**• Transmission of Units to the Claimant/s on death of Sole unitholder or All unitholders, where there is no nomination has been registered:**

i. Transmission Request Form for Transmission of Units to the Claimant

ii. 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..

iii. Self-attested copy of PAN Card of the Claimant / Guardian (in case the Claimant is a minor).

iv. 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".

v. 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).

vi. 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.

**• If the transmission amount is up to Rs. 5 Lakh –**

a. Bank Attestation of signature of the Claimant by the Bank Manager. 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 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 from such legal heir/claimant(s) alone would be sufficient; i.e., Bond of Indemnity is not required.

- d. Individual Affidavits to be given by **each** legal heir.
- e. NOC from other Legal Heirs, where applicable.

- **If the transmission amount is more than Rs. 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 TRF 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.

- c. (i) Where transmission value at the PAN-level is more than ₹5 lakh, but less than ₹10 lakhs, any one of the documents mentioned below:

- ✓ Notarised 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 :

- 1. 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

- 2. No Objection Certificate from all the non-claimants (i.e., remaining legal-heirs), duly attested by a Notary Public, JFMC or by a Gazetted Officer as per the format specified. (ii) Where transmission value at the PAN-level is more than ₹10 lakhs, any one of the documents mentioned below:

- ✓ Notarised 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).

- **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:

- i. Request Form for change of Karta upon demise of the registered Karta.
- ii. 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.
- iii. Bank's letter certifying that the signature and details of new Karta have been updated in the bank account of the HUF & attesting the Signature of the new Karta.
- iv. 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".
- v. Indemnity Bond signed by all surviving coparceners (including new Karta).
- vi. Any appropriate document evidencing relationship of the new Karta and the other coparceners with the deceased Karta.

Additional documentation required:

a) 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.

b) If the transmission amount is for more than ₹ 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.

- **Transmission of Units to the Claimant/s upon death of the Karta of HUF, where there is no surviving co-parcener or the HUF has been dissolved/partitioned after demise of the Karta**

- i. Transmission Request Form for Transmission of Units to the Claimant.
- ii. Death Certificate of the deceased Karta in original OR photocopy thereof attested by a Notary Public or a Gazette Officer in original copy of birth certificate.
- iii. Self -attested copy of PAN Card of the Claimant(s) / Guardian (in case the Claimant is a minor)
- iv. KYC Acknowledgment OR KYC Form of the Claimant(s) / Guardian (in case the Claimant is a Minor). Transmission will be completed only after the status of the KYC is updated as "KYC complied".
- v. 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.
- vi. If the transmission amount is upto Rs. 5 Lakh, attestation of signature of the claimant by Bank Manager. In case the claimant is a Minor, the signature of the Guardian (as per the Minor's bank account / Minors joint account with the Guardian) shall be attested.

If the transmission amount is for more than Rs. 5 Lakh, the signature of the claimant shall be attested by a Notary Public or a Judicial Magistrate First Class (JMFC) in the space provided for signature attestation in the TRF itself below the signature of the claimant.

viii. Bond of Indemnity to be furnished by the Claimant.

ix. If the HUF has been dissolved/partitioned by the surviving members after demise of the Karta, the transmission of units should be effected only on the basis of any of the following documents:

- Notarized copy of Settlement Deed, OR
- Notarized copy of Deed of Partition, OR

→ Notarized copy of Decree of the relevant competent Court.

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 Original Seen & Verified stamp attested by them.

**Notes:**

a. In case of death of the 1st holder, if there are two surviving joint holders, the surviving 2nd holder will be treated as the new primary / 1st holder.

Self-attested copy of PAN card of claimant(s) is mandatory and Name(s) as per PAN card should match with claimant's name(s). Additionally, AMC/ RTA to validate such PAN independently with Income Tax database to check the validity of PAN, status and name, including PAN-Aadhaar linking.

b. In case the claimant is a resident of Sikkim state, appropriate Id. proof should be obtained in lieu of PAN card and the AMC/RTA may rely on the said document for processing the claim.

c. KYC status of the claimant(s) should be 'Verified' / 'Complied'. Else, the original KYC form duly filled, supported by the documentary proof should be obtained. If Aadhaar is provided as OVD, transmission request shall be processed only after KYC status is updated in KRA system as valid.

d. If the death certificate is issued through online mode, AMC/ RTA to validate the same through online mode wherever possible and have access to the relevant site.

e. ID proof (PAN/Redacted Aadhaar/Voter ID/Passport or any other valid OVD as per PMLA guidelines] of the deceased person should be obtained along with the transmission request (as a risk mitigation measure).

f. If the claimant produces the original document for verification at front office of AMC branch, the AMC official shall verify the original thereof and affix the 'Original Seen & Verified' stamp suitably.

g. If the original is not produced for verification, the photocopies of the supporting documents submitted for transmission of units, such as the death certificate of the deceased, birth certificate of the minor, Probate of Will, Succession Certificate, Letter of Administration etc. shall be duly attested by a Notary Public or a Gazette Officer.

h. Apart from the name of the deceased, any one other factor (such as Father's name / Spouse's Name, Address] as per the death certificate should match with the records available in the respective folio(s) or as per KYC records of the deceased person / claimant(s). If there is any mismatch, the claimant should be advised to substantiate with suitable evidence.

i. Bank mandate information provided at the time of transmission should mandatorily subjected to 'penny drop' validation [IMPS] in addition to the documentary proof submitted and the name should match as per the bank records vs. folio records. If the name is not matching or name not found as part of the penny drop reverse feed, suitable notification should be sent to the claimant to establish further documentary evidence / proof, post confirmation from them and evidence is found to be satisfactory, then transmission process can be allowed.

j. There should be a cooling off period of 10 business days between the date of transmission of units and subsequent redemption as being done for change of bank mandate.

- k. Suitable communication should be sent to the registered (existing) address as well [if different from the claimant's address] as a fraud prevention measure.
- l. Where the units are to be transmitted to a minor beneficiary, various documents like KYC, PAN, Indemnity should be obtained from the guardian of the minor nominee / legal heir. Bank attestation of the signature of the guardian of the minor should be as per the bank account of the minor or the joint account of the minor with the guardian.
- m. In case of multiple nominees/ claimants, the monetary threshold of more than ₹ 5 lakh for the purpose of obtaining the Indemnity Bond shall be determined on the basis of the aggregate value of the Units under all the folios for which the transmission request is being submitted as per the latest NAV as on the date of receipt of the claim, before dividing / splitting the claim amongst multiple nominees or claimants/ surviving co-parceners.
- n. If the total value of the Units being transmitted exceeds ₹5 lakhs, Identity proof such as copy of PAN or redacted Aadhaar card or passport of all legal heirs signing the NOC other than claimant/s i.e. legal heirs other than the claimant mentioned in the Probate or Letters of Administration or Succession Certificate, should be obtained.
- o. Where there are more than one claimants (nominee or legal heir) in a folio or set of folios, the nominees / legal heirs should be encouraged/ requested to submit the transmission request together so that all the Units held by the deceased unitholder(s) could be transmitted in one-go to for operational efficiency and convenience.
- p. In such cases where the deceased was the 1st holder in respect any one of the folios/funds, units in all other holdings across all other folios/schemes, where the deceased was the 1st unitholder shall be 'Stop' marked/blocked against any further transactions on the basis of PAN or PEKRN.
- q. If the deceased unitholder(s) held units in multiple folios, e.g., as the 1st holder(s) in some folios and as the joint holder in others, a single Transmission Request form may be accepted for operational ease, provided all the deceased holders are common across the multiple folios (irrespective of the order of names of the deceased) AND the nominee(s) / claimant(s) is/are also common/same across ALL the folios.
- r. Once a transmission request is received, it is incumbent upon the AMC/RTA to determine if the deceased unitholder had any unit holdings under any other scheme / folio, and put a flag in the system against all other folios of the deceased unitholder, basis PAN / PEKRN with a suitable communication to the surviving unitholders / nominee/s (if any, registered against the folios) to submit the claim form with required documents in respect of the remaining folios.
- s. The process and documentation for transmission of units where the claimant / nominee is a mentally unsound person, shall be the same as applicable to a Minor claimant, except that the Guardian shall be a court appointed guardian. Additionally, a Medical Certificate from an appropriate registered medical practitioner may be obtained regarding the mentally unsound person.
- t. If the transmission amount is for more than ₹ 5 Lakh, as an operational risk mitigation measure, the signature of the Nominee/ Claimant shall be attested only by a Notary Public or a JMFC (and not banker's attestation). For this purpose, space has been provided for signature in the transmission request form below the signature of the claimant.
- u. While the list of documents mentioned above should be taken in all cases, in specific cases and situations related to transmission of units that are not enumerated in section 1 to 6 above,

AMCs should adopt proper due diligence and request for appropriate documents depending on the circumstances of each case and apply the general principles enumerated in sections above before transmitting the units in favour of the claimant/s.

**i. Applicability of Stamp Duty on Mutual Fund/SIF Transactions:**

Pursuant to Notification No. S.O. 4419(E) dated December 10, 2019, notification no. G.S.R. 19 (E) dated the January 8, 2020, Notification No. 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 Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, a stamp duty @ 0.005% of the transaction value would be levied on mutual fund transactions including switches(excluding redemptions), with effect from July 01, 2020. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including reinvestment of Income Distribution cum Capital Withdrawal) to the unitholders would be reduced to that extent. Further eligible transfer of dematerialised units will attract a stamp duty @0.015%.

**ii. Process for Investments made in the name of a Minor through a Guardian:**

1. For all fresh purchases including Lumpsum, new Systematic Investment Plan (SIP) registrations in the name of minor will be accepted only from the bank account of minor, parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian only.
2. Existing unitholders/guardians with folios in the name of minor, should ensure to update a bank account in the name of minor (or a joint account of the minor with parent or legal guardian only) as a payout bank in the folio, before placing any redemption in such folio.
3. In case of any redemption received in the folio of a minor where the bank account of the minor is not updated, such redemption will be rejected.
4. Upon the minor attaining the status of major, the minor in whose name the investment was made is 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.

**iii. Investments of the minor investor on attaining majority:**

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/FATCA details, updated bank account details including cancelled original cheque leaf of the new account and his/her specimen signature duly authenticated by banker/guardian. Investors shall additionally note that, upon the minor attaining the status of major, no further transactions shall be allowed till the status of the minor is changed to major. The standing instructions registered for Systematic Investment Plan (SIP), Systematic Transfer Investment Plan (STP), etc., shall be suspended when the minor attains majority, till the status is changed to major.

Prior to minor attaining majority, the SIF may send an advance notice to the registered correspondence address advising the guardian and the minor to submit an application form along with prescribed documents to change the status of the account to "major".

List of standard documents to change account status from minor to major as are follows:

- a. Service Request form, duly filled and containing details like name of major, folio numbers, etc.
- b. New Bank mandate where account changed from minor to major,
- c. Signature attestation of the major by a manager of a scheduled bank / Bank Certificate / Letter,
- d. KYC acknowledgement of the major.

**iv. Change in Guardian:**

When there is a change in guardian either due to mutual consent or demise of existing guardian, the following documents are required to be submitted prior to registering the new guardian:

- a. Request letter from the new guardian,
- b. No Objection Letter (NoC) or Consent Letter from existing guardian or Court Order for new guardian, in case the existing guardian is alive.
- c. Notarized copy or attested copy of the Death Certificate of the deceased guardian, where applicable. The attestation may also be done by a special executive magistrate, AMC authorised official or manager of a scheduled bank.
- d. The new guardian must 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 shall be obtained.
  - In case of court appointed legal guardian, supporting documentary evidence shall be obtained.
- e. 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.
- f. Proof of the KRA complied status as obtained from KRA agencies or their website.

**v. Duration of the Investment Strategy/Winding up**

**a. Duration of the Investment Strategy:**

**• Close - ended Investment Strategy(s):**

Each closed-ended Investment Strategy/ Plan will have a maturity date / final redemption date and will be compulsorily and without any act by the unit holder(s) redeemed on maturity date/final redemption date. On maturity/final redemption date of the Scheme/ Plan, the units will be redeemed at the Applicable NAV.

**• Open - ended Investment Strategy (s):**

An Open-ended / Interval Investment Strategy has a perpetual life. However, in terms of SEBI (MF) Regulations, the Investment Strategy may be wound up as provided in (b) below.

**• Close-ended Investment Strategy (s) with automatic conversion into Open-ended Scheme upon maturity:**

Such Investment Strategy (s) will remain Close - ended for the period mentioned in the ISID and subsequently the Investment Strategy will automatically be converted into an Open- ended Investment Strategy without any further reference from the SIF / Trustee/ AMC/ Unit holders. Thereafter, the duration of the Investment Strategy is perpetual. However, in terms of SEBI (MF) Regulations, the Scheme may be wound up as provided in (b) below.

In case of Close-ended Scheme(s), the Mutual Fund may convert the Investment Strategy / Plans under the Scheme after the maturity date / final redemption date into an Open-ended Investment Strategy / Plan and this shall be in accordance with the SEBI (MF) Regulations.

The Units of Close-ended Investment Strategy / Plan may be converted into Open-ended Scheme -

- if the Investment Strategy Information Document (ISID) / Offer Document (OD) of such Investment Strategy discloses the option and the period of such conversion; or
- the Unit holders are provided with an option to redeem their units in full.

A Close-ended Investment Strategy shall be fully redeemed at the end of the maturity period.

Provided that a Close ended Investment Strategy may be allowed to be rolled over if the purpose, period and other terms of the roll over and all other material details of the Investment Strategy including the likely composition of assets immediately before the

roll over, the net assets and net asset value of the Investment Strategy, are disclosed to the Unit holders and a copy of the same has been filed with SEBI.

Provided further, that such roll over will be permitted only in case of those Unit holders who express their consent in writing and the Unit holders who do not opt for the roll over or have not given written consent shall be allowed to redeem their holdings in full at net asset value based price.

**b. Winding Up:**

A Closed-ended Investment Strategy / Plan shall be wound up on the expiry of duration fixed in the Investment Strategy / Plan on the redemption of the Units unless it is rolled-over for a further period under sub-regulation (4) of regulation 33 of the SEBI (MF) Regulations.

(i) A Investment Strategy of a SIF is to be wound up –

- a. on the happening of any event which, in the opinion of the Trustee, requires the scheme to be wound up; or
- b. if seventy-five per cent of the Unit holders of a Scheme pass a resolution that the Investment Strategy be wound up; or
- c. if SEBI so directs in the interest of the Unit holders.

Further in case of non-fulfillment of clause 6.11 of SEBI Master Circular December 19, 2023 relating to Minimum Number of Investors in Scheme(s)/ Plans of Mutual Funds, the provisions of Regulation 39(2) (c) of SEBI (Mutual Funds) Regulations, 1996 would become applicable automatically without any reference from SEBI.

Further, an average AuM of Rs. 20 crores on half yearly rolling basis has to be maintained for all open ended debt oriented schemes. In case of breach of this provision, the AMC shall scale up the AUM of such scheme within prescribed period so as to comply with the provisions, failing which the provisions of Regulation 39(2) of the Regulations related to winding up of scheme would become applicable.

Accordingly, the Investment Strategy (s) shall be wound up by following the guidelines laid down by SEBI.

(ii) Where a Investment Strategy is to be wound up pursuant to sub clause (i) above, the Trustee shall give notice within one day, disclosing the circumstances leading to the winding up of the Investment Strategy:

- a. to SEBI; and
- b. in two daily newspapers having circulation all over India and also in a vernacular newspaper circulating at the place where the SIF is formed.

Provided that where a Investment Strategy is to be wound up under clause (a) of sub-regulation (2) of SEBI Regulation, 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 under sub-regulation (3).

Provided further that in case the trustees fail to obtain the required consent of the unitholders under clause (a) of sub-regulation (2) of SEBI Regulation, the Investment Strategy 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 the notice as stated above, the Trustee or the AMC as the case maybe, shall:

- a. Cease to carry on any business activities in respect of the Investment Strategy so wound up;
- b. Cease to create or cancel Units in the Investment Strategy;
- c. Cease to issue or redeem Units in the Investment Strategy.

**Procedure and manner of winding up:**

In the event of the Investment Strategy being wound up, the AMC shall proceed as follows:

1. The trustee shall call a meeting of the Unit holders of the Investment Strategy to consider and pass necessary resolutions by simple majority of Unit holders present and voting at the meeting for authorising the Trustee or any other person / agency to take the steps for winding up of the Investment Strategy.

Provided that a meeting of the Unit holders shall not be necessary if the Investment Strategy is wound up at the end of the maturity period of the Investment Strategy.

The Trustee or the person authorised as above, shall dispose off the assets of the Investment Strategy concerned in the best interests of the Unit holders of that Investment Strategy.

The proceeds of the sale made in pursuance of the above, shall in the first instance be utilised towards discharge of such liabilities as are due and payable under the Investment Strategy and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unit holders in proportion to their respective interests in the assets of the Investment Strategy as on the date when the decision for the winding up was taken.

2. On the completion of the winding up, the Trustee shall forward to SEBI and the Unit holders, 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 Scheme before winding up, expenses of the Investment Strategy for winding up, net assets available for distribution to the Unit holders and a certificate from the Auditors of the SIF.
3. Notwithstanding anything contained herein, the provisions of SEBI (MF) Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until the winding up is completed or the Investment Strategy ceases to exist.
4. After the receipt of report referred to in (2) above, if SEBI is satisfied that all measures for winding up of the Investment Strategy have been complied with, the Investment Strategy shall cease to exist.

**ii. Unclaimed redemption and Income Distribution cum Capital Withdrawal Amount :**

*In terms clauses 14.3 of SEBI master circular dated June 27, 2024, the unclaimed redemption amount and Income Distribution cum Capital Withdrawal amounts (the funds) may be deployed by the Mutual Fund in money market instruments and/or separate plan of liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts only.*

*The following practices is followed by AMC:*

1. AMC to transfer the unclaimed redemption and dividend amounts to unclaimed dividend and Redemption Scheme (UDRS) after 90 days and not beyond 105 days from the date of issuance of the instruments
2. AMC shall have separate scheme/plan for Unclaimed IDCW and Unclaimed Redemption amount, pending for less than 3 years and for more than 3 years.
3. On completion of first 3 years period, AMC shall transfer such units to UDRS plan (>3 years) within 10 business days of subsequent month.
4. The amount of income accrued on daily basis on unclaimed amounts beyond three years shall be transferred on monthly basis (i.e. on or before 10<sup>th</sup> calendar day of subsequent month) to the investor education scheme/folio.

**Overview of MITRA Platform (Mutual Fund Investment Tracing and Retrieval Assistant)**

The RTAs along with the regulators have taken the initiative to create a platform namely **MITRA**. The platform will enable the investor to identify his overlooked investments or any other investments which is made by any other person for which he/she is rightful legal claimant. We have updated the link of MITRA Platform on DynaSIF website for investors.

#### **Criterion for classifying a SIF folio as inactive**

An inactive folio shall be defined as “Mutual Fund Folio(s) where no investor-initiated transaction/s (financial and non-financial) have taken place in the last 10 years, but unit balance is available”.

#### **Process to trace unclaimed amounts in inactive folios:**

On the MITRA Platform on entering PAN, the investor is prompted to enter the OTP sent to the registered mobile number or email id.

Once the OTP is validated the system will initiate a search for inactive or unclaimed folios linked to the provided details. Users can then follow the instructions on the platform to update their KYC and reclaim their investments.

#### **iii.Pledge of Units**

The Units under the respective Investment Strategy (s) (subject to completion of Lock-in Period, if any) may be offered as security by way of a pledge / charge in favour of scheduled banks, financial institutions (FI), non-banking finance companies (NBFCs) or any other Body Corporate for raising loans (subject to conditions of the lending institution). The AMC/Registrar will take note of such pledge (by marking a lien etc.) / charge in its records. Lien shall be marked only upon receipt of duly completed form and requisite documents. Disbursement of such loans will be at the entire discretion of the bank / Financial Institution / Non Banking Financial Company(NBFC) or any other body concerned, and the Mutual Fund assumes no responsibility thereof. Lien will be marked on only the number of units mentioned in the request and not on any IDCWs or Bonus derived out of the lien marked units.

The Pledgor will not be able to redeem Units that are pledged until the entity to which the Units are pledged provides written authorization to the fund that the pledge/lien charge may be removed. As long as Units are pledged, the Pledgee will have complete authority to redeem such Units (subject to lock-in period, if any of the concerned Investment Strategy). Decision of the AMC shall be final in all cases of lien marking.

In case of Units held in electronic form, the rules of Depository applicable for pledge will be applicable for Pledge/Assignment of the Units of the Investment Strategy(s). Units held in electronic form can be pledged by completing the requisite forms/formalities as may be required by the Depository.

#### **iv.Payment of Maturity Proceeds:**

On maturity of the Investment Strategy /respective Plan, the outstanding Units shall be redeemed at the NAV of the maturity date and proceeds will be paid to the Unit holders, without any further reference from the Unit holders. For the units held in electronic form, the units will be extinguished with the depository and the redemption amount will be paid on the maturity date, at the prevailing NAV on that date. The maturity amount will be paid to the Unit holders whose names appear on the Register of Unit holders on the respective maturity dates, at the prevailing NAV on that date.

#### **v.Suspension of Purchase and / or Redemption of Units and Income Distribution cum Capital Withdrawal Distribution**

The SIF at its sole discretion reserves the right to suspend purchase and / or redemption of Units, temporarily or indefinitely, if in the opinion of the AMC the general market conditions are not favourable and /or suitable investment opportunities are not available for deployment of funds. The AMC, also reserves the right to suspend purchase of Units in the SIF temporarily or indefinitely, if the AMC views that increasing the Investment Strategy's size further may prove detrimental to the existing unit holders of the Investment Strategy. However, the

suspension of purchase /redemption either temporarily or indefinitely will be with the prior approval from the Board of Directors of AMC and the Trustee Company. The approval from the Board of Directors of AMC and the Trustee Company giving details of the circumstances and justification for the proposed action shall be informed to SEBI in advance. Further, the AMC & Trustee, and subject to necessary communication to SEBI, may also decide to temporarily suspend determination of NAV of the Investment Strategy (s), and consequently purchase/ redemption of Units, declaration and distribution of Income Distribution cum Capital Withdrawal in any of the following events:

1. When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Investment Strategy are closed otherwise than for ordinary holidays or trading is restricted.
2. When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Investment Strategy is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unit holders.
3. In the event of a breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Investment Strategy cannot be accurately calculated.
4. During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial or detrimental to the interests of the Unit holders of the Investment Strategy (s).
5. In case of natural calamities, strikes, riots and bandhs etc.
6. In the event of any force majeure or disaster that affects the normal functioning of the AMC or the Registrar or any of the CSCs.
7. During the period of Book Closure.
8. If so directed by SEBI

In the above eventualities, the normal time taken, for processing of requests for purchase and / or redemption of Units and/or distribution of Income Distribution cum Capital Withdrawal will not be applicable.

Further an order to purchase units is not binding on and may be rejected by the Trustee, the AMC or their respective agents until it has been confirmed in writing by the AMC or its agents and payment has been received.

Investors are requested to note that no redemption/ repurchase of units shall be allowed in a Close ended Scheme prior to the maturity of the Investment Strategy. Unit holders who wish to exit may do so through the Stock Exchange mode

#### **vi.Right to limit Redemption:**

The AMC may, in consultation with the Trustee, in the larger interest of the Unit holders of the Investment Strategy and keeping in view the unforeseen circumstances/unusual market conditions, limit the total number of Units which may be redeemed on any Business day, to 5% of the total number of Units then issued and outstanding under any Investment Strategy / Plan/ Option or such other percentage as the AMC may determine.

Restrictions may be imposed under the following circumstances that leads to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:

- a) Liquidity issues - When markets at large become illiquid affecting almost all securities rather than any issuer specific security.
- b) 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.
- c) 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.

Under the aforesaid circumstances, the AMC / Trustee may restrict redemption for a specified period of time not exceeding 10 working days in any 90 days period. Any imposition of restriction would require specific approval of Board of AMCs and Trustees and the same should be informed to SEBI immediately. Unitholders should note that the following provisions shall be applicable when redemption requests are placed during such restricted period.

- (i) No redemption requests upto Rs. 2 lakh shall be subject to such restriction and
- (ii) Where redemption requests are above Rs. 2 lakh, AMCs 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.

Any Units which by virtue of these limitations 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, Redemption 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).

#### **vii. Investor Data:**

360 ONE Asset Management Limited (the AMC) during the course of serving the investor(s), collects personal information from investors that may be sensitive in nature. The AMC recognizes the importance of securing such personal sensitive information and with an endeavor to protect the same, have established policies and procedures.

All the personal information collected and received either in physical mode or in electronic mode, shall be governed by the Privacy Policy available on website of the AMC i.e. <https://www.360.one/dyna-sif> (the website). By subscribing/investing into the unit(s) of the schemes of the Fund online or otherwise, the investors are deemed to have consented for the usage of the personal information in accordance with the Privacy Policy. The Personal Information collected by the AMC in physical and electronic including online may be converted and stored in an electronic form by the AMC and/or Registrar and Transfer Agent(s) of the Fund (the RTAs) at their sole discretion for the purposes mentioned in the Privacy Policy. Investors (s) are to note that the personal information which AMC and/or its Registrar collect may include information that is of a confidential nature (all such information being —Personal Information).

Personal Information shall mean and include any information that relates to a natural person, which, either directly or indirectly, is capable of identifying such person. The type of Personal Information collected from the investor shall include the Investor's full name, address, telephone number, e-mail address and any other information as defined in Rule 3 of the Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011, as may be required by AMC and/or the RTAs from time to time in order to provide services to the Investors. The Personal Information of the Investors may be shared with third parties as more specifically detailed in the Privacy Policy from time to time. Notwithstanding anything contained in the Privacy Policy, the AMC may also share the Investors' Personal Information with any governmental authority including but not limited to the Reserve Bank of India or the Securities and Exchange Board of India, to the extent required by such governmental authority, without the Investors' consent. For any further information the investor is requested to please refer to the Privacy Policy displayed on the website.

### viii. DigiLocker

DigiLocker is digital document wallet of the Government of India (Gol), facilitating citizens in obtaining and storing documents like Aadhaar, PAN, Driving Licence, Death Certificate, etc. 'Issued documents' in DigiLocker are deemed to be at par with originals as per Section 9 A of Information Technology Act, 2000.

Gol, vide office memorandum dated December 28, 2020, has stipulated that Entities / Institutions delivering citizen services shall integrate their system with DigiLocker. Bank account statement, insurance policy and statement of New Pension Scheme (NPS) are already available in the DigiLocker. The inclusion of MF and demat holding statements within DigiLocker, can make available the entire financial holdings of individuals in a single account - DigiLocker.

**DigiLocker also provides nomination facility to its users. The nominee/s specified by the user is/are authorised to access the digital information of the user upon the demise of the user. While specifying the nominee, the user is required to provide the mobile number and e-mail address of the nominee.**

### C. General Information

#### 1. Inter- Investment Strategy transfer of investments:

Transfers of investments from one Investment Strategy to another Investment Strategy in the same SIF shall be allowed only if -

(a) such transfers are done at the prevailing market price for quoted instruments on spot basis.

Explanation: "spot basis" shall have same meaning as specified by stock exchange for spot transactions.

(b) the securities so transferred shall be in conformity with the investment objective of the Investment Strategy to which such transfer has been made.

#### 2. Aggregate investment in the Investment Strategy under the following categories:

In accordance with Paragraph on 'Scheme Related Disclosures' of SEBI Master Circular for Mutual Funds dated June 27, 2024, please find below the aggregate investment in the respective Investment Strategy by Board of Directors of 360 ONE Asset Management Ltd(AMC) and key personnel as on - Not Applicable

Name of Investment Strategy	Aggregate amount invested in the Investment Strategy as on May 31, _____ (market value in Rs.)		
	AMC's Board of Directors	Key personnel (excluding Fund Manager)	Fund Manager
NA	NA	NA	NA

#### 3. Dematerialisation and Rematerialisation procedures

**Dematerialization of Units:** The applicants intending to hold Units in dematerialized mode will be required to have a beneficiary account with a Depository Participant of the NSDL/CDSL and will be required to mention in the Application Form details of the

Depository Participant's name, Depository Participant ID Number and the beneficiary account number of the applicant held with the Depository Participant at the time of application of the Units. The Account Statement will be sent to those Unit Holders who have opted to hold Units in physical (non-dematerialized) form. However, if the Unit Holder so desires to hold the Units in dematerialized form at a later date, he will be required to have a beneficiary account with a Depository Participant of the NSDL/CDSL and will have to submit the account statement alongwith the prescribed request form to any of the ISCs for conversion of Units into demat form. The AMC will issue the Units in dematerialized form to the Unit holder within two Business Days from the date of receipt of such request. Units held in demat form are freely transferable.

**Rematerialisation of Units:** Rematerialization of Units can be carried out in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996 as may be amended from time to time. The process for rematerialisation of Units will be as follows:

- Unit Holders/investors should submit a request to their respective Depository Participant for rematerialisation of Units in their beneficiary accounts.
- Subject to availability of sufficient balance in the Unit Holder /investor's account, the Depository Participant will generate a Rematerialisation Request Number and the request will be despatched to the AMC/Registrar.
- On acceptance of request from the Depository Participant received by AMC, the AMC/Registrar will dispatch the account statement to the investor and will also send electronic confirmation to the Depository Participant

The above shall be subject to SEBI Regulations and the guidelines issued by NSE, BSE, CDSL and NSDL in this regard, as applicable and as amended from time to time.

#### 4. ASBA disclosures

ASBA is an application containing an authorization given to a Self-Certified Syndicate Bank (SCSB) by the investor to block the application money in his specified bank account maintained with the SCSB towards the subscription of units offered during the NFO of a Scheme of the Fund. ASBA facility can be availed by an investor only if the bank with whom his account is maintained is a Self-Certified Syndicate Bank (SCSB) under ASBA. Therefore during the NFO period, apart from the current process of payment wherein cheques / demand drafts etc. are used as a mode of payment, an investor also has the option to subscribe to the units of the Scheme(s) launched by the Fund from time to time, using the Application Supported by Blocked Amount (ASBA) facility, wherein the application money towards the subscription of units will be debited from his / her specified bank account only if his / her application is selected for allotment of units. This facility is available to all categories of investors mentioned under the heading 'Who can invest'.

***Benefits of applying through ASBA Facility:***

- a. Writing cheque and demand draft 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 investor's specified bank account can be used for other purposes by the investor.
- b. Release/unblocking of blocked funds after allotment/rejection/ failure of NFO, as the case may be, is done instantaneously.
- c. Unlike other modes of payment, in ASBA facility, there is no loss of interest income on the application money towards subscription of units as application amount remains in the bank account of the investor till the allotment is made.

- d. Refund of money to the investor does not arise as the application money towards subscription of units is debited only on the allotment of units.
- e. The investor deals with a known intermediary i.e. his/her own bank.
- f. Self Certified Syndicate Bank has the same meaning as given to it in clause (zi) of sub-regulation (1) of Regulation (2) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. SCSB is a bank which is recognised as a bank capable of providing ASBA services to its customers. Names of such banks and their Designated Branches (DBs) where ASBA Application Form can be submitted are available on the website of SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)).

***ASBA Procedure:***

An Investor availing of this facility ("ASBA applicant"), which is available only during NFO period, shall submit a duly completed ASBA Application Form to the SCSB with whom the ASBA Applicant's bank account to be blocked, is maintained, authorising blocking of the funds and the SCSB shall block an amount equivalent to the Application Amount in the bank account specified in the ASBA Application Form. Such amount, as marked for application, is not available for utilization by the ASBA Applicant. Application can be submitted in physical form, or if the investor avails internet / electronic banking facility, in electronic form. The acknowledgement of receipt of the application given to the ASBA applicants by the designated branches of the SCSBs does not guarantee that the units shall be allotted either by the SCSB or the Mutual Fund.

The Application shall be further processed by the Registrar & Transfer Agent appointed by the Fund and units shall be allotted after deducting the blocked amount, only if the application is complete in all respects.

The application money shall remain blocked in the investor's bank account until withdrawal / failure of the NFO / rejection of the application or receipt of instructions from the Registrar to unblock the Application Amount, as the case may be.

On allotment, the application money will be debited from ASBA Applicant's specified bank account and transferred to the Fund.

***Grounds for rejection of ASBA application forms:***

ASBA application forms can be rejected, at the discretion of the RTA / AMC / SCSBs due to various reasons, including but not limited to the following:

1. Applications by persons not competent to contract under the Indian Contract Act, 1872, including but not limited to minors, insane persons etc.
2. Mode of ASBA i.e. either physical ASBA or electronic ASBA is not selected or ticked (applicable as and when electronic ASBA facility is offered).
3. ASBA application form without the stamp of the SCSB.
4. Application by any person outside India if not in compliance with applicable foreign and Indian laws.
5. Bank account details not given/incorrect details given.
6. Duly certified Power of Attorney, if applicable, not submitted alongwith the ASBA application form.
7. No corresponding records available with the Depositories matching the parameters namely, names of the ASBA applicants (including the order of names of joint holders), Depository Participant ID, Beneficiary account number or any other relevant details pertaining to the Depository account (applicable only to demat mode).

**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 SCSB will reject the ASBA application form.**

## **5. Portfolio Turnover Details**

Portfolio turnover is a measure of how quickly securities in a fund are either bought or sold by the fund's managers, over a given period of time.

The portfolio may be churned in order to take advantage of movements in the securities market and to maximize the average returns on the portfolio while maintaining a desirable risk profile and adequate liquidity.

## **D. Associate Transactions**

The AMC may, from time to time, for the purpose of conducting its normal business, use the services of and / or enter into transactions with the Sponsors, its associates/ subsidiaries, established or to be established at a later date in case such an associate company (including its 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 its employees or relatives) on commercial terms and on arm's length basis to the extent permitted under the applicable laws / rules / regulations (including the SEBI Regulations), after an evaluation of the competitiveness of the pricing offered by the associate companies and the services to be provided by them.

The Investment Strategy (s) of the Fund may invest in the securities of the group companies of the Sponsors subject to the limits under the Regulations.

Services of the group /associate companies may include broking, distribution, investment and other advice etc. Further, while dealing with the aforementioned associate companies, the Scheme will adhere to SEBI Regulations pursuant to which, Investment Strategy (s) of DynaSIF shall not make any investment in:

- any unlisted security of an associate or group company of the Sponsors; or
- any security issued by way of private placement by an associate or group company of the Sponsors; or
- the listed securities of group companies of the Sponsors which is in excess of 25% of the net assets.

## **Dealings with associates companies**

### **1. Investment in Group Companies of the Sponsor and the AMC**

The AMC will, before investing in the securities of the group companies of the Sponsor and the AMC, evaluate such investments, the criteria for the evaluation being the same as is applied to other similar investments to be made under the Scheme. Investments under the Scheme in the securities of the group companies of the Sponsor will be subject to the limits under the Regulations.

### **2. Underwriting obligations undertaken by the Scheme(s) of the Fund with respect to issues of Associate Companies:**

DynaSIF under its Investment Strategy (s) may enter into underwriting contracts with respect to any public issues of securities made by any of the associate companies in accordance with the applicable regulatory requirements. Appropriate disclosures in relation to the same, shall be made, as required by the SEBI Regulations.

### **3. Subscription by the Scheme(s) in issues lead managed by the associate companies:**

The Investment Strategy (s) of DynaSIF may subscribe to issues lead managed by the associate companies. Such subscriptions shall be in accordance with the applicable regulatory requirements. Disclosures pertaining to such subscriptions shall be made as required by the SEBI Regulations.

#### **4. Brokerage and Commission paid to associates / related parties/ group companies of sponsor/ AMC:**

DynaSIF may utilise the services of the Sponsor / associate companies for broking and / or sale and distribution services. Following are the associates of the sponsor and AMC with which the Mutual Fund proposes to have dealings, transactions and those whose services may be used for marketing and distributing the scheme and the commissions that may be paid to them. The AMC may also utilize the services of other associates for the mutual fund transactions and for distributing the units of the scheme.

*This section shall also disclose:*

*(a) the policy for investing in group companies of the sponsor of a Mutual Fund that is followed/to be followed by the SIF, including the aggregate market value of investments in group companies of the Sponsor and asset Management Company by all the Investment strategies of SIF and its percentage of the aggregate net asset value of the SIF,*

*(b) in case any Investment strategies of SIF has invested more than 25% of its net assets in group companies, this shall be disclosed.*

*(c) names of associates of the Sponsor or the Asset Management Company with which the SIF proposes to have dealings, transactions and those whose services may be used for marketing and distributing the Investment strategy and the commissions that may be paid to them.*

#### **E. Documents Available for Inspection**

The following documents will be available for inspection at the office of the Mutual Fund at, 360 ONE Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013 during business hours on any day (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
- No objection from SEBI to establish SIF
- 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
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

#### **F. Investor Grievances Redressal Mechanism**

Investor can approach the AMC or Investor Service Centers of Registrar for redressal of their Grievances. The AMC has designated Ms. Situ Tank as Investor Service Officer.

In order to protect confidentiality of information, the customer service representatives may require personal information of the investor for verification of the investor's identity.

The AMC will at all times endeavour to handle transactions efficiently and resolve investor grievances promptly.

Investors can contact the Investor Relations Officer of the AMC as per the below given details:

Ms. Situ Tank  
**360 ONE Asset Management Limited**  
360 ONE Centre, Kamala City,  
Senapati Bapat Marg, Lower Parel,  
Mumbai-400 013  
Phone: 022-48765172  
Toll Free: 1800-2108-606  
E-mail: [DynaSIFservices@360.one](mailto:DynaSIFservices@360.one)

For any grievances with respect to transactions through BSE and/ or NSE, the Investors/Unit Holders should approach either the stock broker or the investor grievance cell of the respective stock exchange.

Pursuant to SEBI Master Circular SEBI/HO/OIAE/OIAE\_IAD-1/P/CIR/2023/145 dated August 11, 2023, SEBI has introduced common Online Dispute Resolution Portal (“ODR Portal”) which harnesses conciliation and online arbitration for resolution of disputes arising in the Indian Securities Market has been established. Investors/Clients now have an option to undertake online conciliation and/or online arbitration by participating through the ODR Portal and/or undertaking dispute resolution.

Investor can lodge their dispute on the ODR Portal and Scores Portal through the link given below:

- ODR Portal can be accessed via the following link - <https://smartodr.in/>
- SCOREs Portal can be accessed via the following link - <https://scores.sebi.gov.in/>

The above links are also made available on our website.

## **G. Information pertaining to Investments by the Investment Strategies of SIF**

### **1. Derivative strategies**

Investments in derivatives shall be undertaken in accordance with the SEBI (Mutual Funds) Regulations, 1996, the SEBI Master Circular for Mutual Funds, and the SEBI circulars applicable to Specialized Investment Funds (SIFs), subject to SEBI’s circulars no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2025/26 dated February 27, 2025 and SEBI/HO/IMD/IMD-RAC/P/CIR/2025/54 dated April 11, 2025 (SIF Circulars), as amended from time to time.

#### Trading in Derivatives

The Investment Strategy under SIF may use derivatives instruments like Futures / Option, 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 SEBI regulations from time to time.

The following information provides a basic idea as to the nature of the derivative instruments proposed to be used by the Investment strategies and the associated risks.

Advantages of Derivatives:

The volatility in Indian markets both in debt and equity has increased over last few months. Derivatives provide unique flexibility to the Investment strategies. Details of some of the derivatives strategies are as under:

### **Equity Derivatives**

The Investment Strategies intends to use derivatives for purposes that may be permitted by SEBI Regulations 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. Paragraph 7.5 of the Master Circular, read with the SIF Circulars, specifies guidelines pertaining to trading in Exchange Traded Derivatives Contracts

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. 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”.

“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”.

The risks associated with derivatives are similar to those associated with underlying investments. The additional risks of using derivative strategies could be on account of:

- Illiquidity;
- Potential mis - pricing of the Futures/Options;
- Lack of opportunity;
- Inability of derivatives to correlate perfectly with the underlying (Indices, Assets, Exchange Rates);
- Cost of hedge can be higher than adverse impact of market movements;
- An exposure to derivatives in excess of the hedging requirements can lead to losses;
- An exposure to derivatives can also limit the profits from a genuine investment transaction;
- The prices which are seen on the screen need not be the same at which execution will take place

For detailed risks associated with use of derivatives, please refer paragraph “Risk associated with different derivative strategies”.

Concepts and Examples of derivatives:

The Investment Strategy may use Derivative instruments primarily equity, index, commodity, debt derivatives and other Derivative instruments as may be permitted under the applicable regulations. Derivatives will be used for the purpose of hedging, and portfolio balancing or such other purpose as may be permitted under the regulations and guidelines from time to time.

### **Various Derivatives Strategies:**

The Fund Manager may deploy following Derivative strategies under any Investment Strategy, subject to their respective ISID:

### **Cash Futures Arbitrage:**

The Investment Strategies 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 Investment Strategies 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 Investment Strategies have 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 Investment Strategies 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

**Stock Vs Index or Hedging strategies:** The Investment Strategy can use exchange-traded derivatives to hedge the equity portfolio. The hedging could be either partial or complete depending upon the fund managers' 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 Investment Strategy will seek to generate alpha by superior stock selection and reducing 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 under-perform 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.

**Stock alpha strategies:** The Investment Strategy can buy one stock which is expected to outperform and short another stock (belonging to the same sector through derivatives. This is called pair trade strategy. The basis of this trade could be quantitative, statistical or technical/tactical. Additionally, the fund manager may buy and short sell stocks in completely unrelated sectors. This is generally referred to as Absolute long short trades or alpha trades which are sector agnostic and taken with an absolute view on the stock or sector itself. The Investment Strategy will seek to generate alpha by superior stock selection for both long and short positions. The short positions will be taken through stock derivatives while long positions may be taken through both cash equity or stock derivatives like stock futures or options.

### **Objective of the Strategy**

The objective of the strategy is to generate alpha by superior stock selection on both long and short sides.

### **Risk Associated with this Strategy**

- The stock selected in the portfolio on either long or short sides, or both may not perform as expected by the fund manager.
- Temporary mispricing or inability of derivatives to correlate perfectly with underlying
- Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place.

**Derivative Yield Strategies:** As allowed under the SEBI guidelines on derivatives, the fund manager can employ various other derivative strategies by buying or selling stock/index futures and/or options. Some strategies are intended to generate derivative yields like covered calls, straddles/strangles, collars, calendar spreads etc.

### **Objective of the Strategy**

These strategies generally are moderate risk as opposing positions in case of arbitrage, covered calls, straddles reduce the trade payoff sensitivity with respect to price movement in the underlying. These strategies yield returns mostly when the underlying security remains rangebound in the near term.

### **Risk Associated with this Strategy**

- Sharp rise or fall in the underlying security in the near term may adversely impact the strategy returns
- The risk of mispricing or 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.

Unhedged Short Derivative - The investment strategies under the SIF may take exposure of up to 25% of the net assets in permissible exchange traded derivative instruments, in addition to derivative exposure undertaken for hedging and portfolio rebalancing purposes.

**The SIF Circulars recognize that investment strategies may undertake derivative positions.**

**We are summarizing some of the derivative positions that can be taken:**

<b>Derivatives Strategy</b>	<b>Explanation</b>
Equity Arbitrage	Short Futures against the underlying stock
Covered Calls	Short Calls against the underlying stock
Portfolio Hedging with Index Options	Buying Index Put Option to hedge the Equity portfolio
Portfolio Hedging with Index Future	Shorting Index Future to hedge the Equity Portfolio
Protective Stock Puts	Buying Puts against underlying stock
Protective Stock Calls	Long Calls against Short Stock Future
Short Call Option	Short/ write a call option, profiting if the asset price is below strike price
Short Put Option	Short/ write a put option, profiting if the asset price is above strike price
Long Put Option	Buying a put option to profit from decline in the asset price
Long Call Option	Buying a Call option to profit from advance in the asset price
Long Futures	Buying Futures to profit from advance in the asset price
Short Futures	Shorting Futures to profit from decline in the asset price
Bear Put Spread	Buy a put at lower strike price and Short a put at higher strike price. Profit if the asset price is above the higher strike price
Bear Call Spread	Short a Call at lower strike price and Buy a Call at higher strike price. Profit if the asset price stays below the lower strike price
Shorting Straddle/Strangle	Shorting Put and Call options to profit from the asset prices remaining range-bound

It may be noted that the above list of derivative strategies is for illustration purpose and additional derivative strategies may be undertaken/ introduced based on evolving market conditions. As per the SEBI guidelines, the investment strategy is allowed to offset certain derivative transactions.

**Offsetting of exposure at the portfolio level shall be allowed for:**

- Cash and derivative positions on the same underlying security
- Between derivative positions on the same underlying security

Some of the examples where offsetting is allowed or disallowed have been provided in SEBI SIF Circular dated 27th February, 2025 are presented below:

<b>Sr. No.</b>	<b>Position 1</b>	<b>Position 2</b>	<b>Offsetting allowed/not?</b>	<b>Net exposure to be considered</b>
1	Equity Long	Futures Short	Yes	Equity Long only
2	Equity /Futures Long	Call option Short	Yes	Equity /Futures Long only
3	Equity /Futures Long	Put option Long	Yes	Equity /Futures Long only
4	Futures Short	Call option Long	Yes	Futures Short only
5	Futures Short	Put option Short	Yes	Futures Short only
6	Call option Long	Call option Short	Yes	Call option Short only
7	Put option Long	Put option Short	Yes	Put option short only

8	Equity Long	Futures Long	No	Equity Long + Futures Long
9	Equity /Futures Long	Call option Long	No	Equity /Futures Long + Call option Long
10	Equity /Futures Long	Put option Short	No	Equity /Futures Long + Put option Short
11	Futures Short	Call option Short	No	Futures short + Call option short
12	Futures Short	Put option Long	No	Futures short + Put option Long
13	Call option Long	Put option Short	No	Call option Long + Put option Short
14	Call option Short	Put option Long	No	Call option Short + Put option Long

\*For offsetting of positions, the futures and options contracts shall be on the same underlying security and having same expiry date.

### **Debt Derivatives**

The Fund will be allowed to take exposure in interest rate swaps only on a non-leveraged basis. A swap will be undertaken only if there is an underlying asset in the portfolio. In terms of circular no. MFD.BC.191/07.01.279/1999-2000 and MPD.BC.187/07.01.279/1999- 2000 dated November 1, 1999 and July 7, 1999 respectively issued by RBI permitting participation by Mutual Funds/SIF in interest rate swaps and forward rate agreements, the Scheme will use Derivative instruments for the purpose of hedging and portfolio balancing. The Investment Strategy may also use derivatives for such purposes as maybe permitted from time to time. Further, the guidelines issued by RBI from time to time for forward rate agreements and interest rate swaps and other derivative products would be adhered to by the /SIF.

IRS and FRAs do also have inherent credit and settlement risks. However, these risks are substantially reduced as they are limited to the interest streams and not the notional principal amounts.

Investments in Derivatives will be in accordance with the extant SEBI Regulations / guidelines. Presently Derivatives shall be used for hedging and / or portfolio balancing purposes, as permitted under the Regulations. The circumstances under which such transactions would be entered into would be when, for example using the IRS route it is possible to generate better returns / meet the objective of the Scheme at a lower cost.

e.g. if buying a 2 Yr MIBOR based instrument and receiving the 2 Yr swap rate yields better return than the 2 Yr AAA corporate, the Scheme would endeavor to do that. Alternatively, the Investment Strategy would also look to hedge existing fixed rate positions if the view on interest rates is that it would likely rise in the future.

The following information provides a basic idea as to the nature of the Derivative instruments proposed to be used by the Investment Strategy and the benefits and risks attached therewith.

Please note that the examples have been given for illustration purposes only.

### **Advantages of Derivatives**

Derivatives provide unique flexibility to the Investment Strategies to hedge part of their portfolio. Some of the advantages of specific derivatives are as under:

#### **Interest Rate Swaps and Forward rate Agreements**

##### **Benefits**

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 Fund remains in call market for the liquidity and at the same time take advantage of fixed rate 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.

### **Interest rate futures (IRF):**

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.

### **Risks associated with imperfect hedging:**

**Basis Risk:** The risk arises when the price movements in derivative instrument used to hedge the underlying assets does not match the price movements of the underlying assets being hedged. Such difference may potentially amplify the gains or losses, thus adding risk to the position.

**Price Risk:** The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

**Risk of mismatch between the instruments:** The risk arises if there is a mismatch between the prices movements in derivative instrument used to hedge, compared to the price movement of the underlying assets being hedged. For example when IRF which has government security as underlying is used, to hedge a portfolio that contains corporate debt securities.

**Correlation weakening and consequent risk of regulatory breach:** SEBI Regulation 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 working 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.

### **Valuation of Derivative Products**

The traded derivatives shall be valued at market price in conformity with the valuation policy of the Mutual Fund.

The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

## **2. Provisions on creation of Segregated portfolio/Side pocketing**

In case of a credit event at issuer level and to deal with liquidity risk, the AMC may create a segregated portfolio of debt and money market instruments under the Scheme in compliance with the clause 4.4 of SEBI Master Circular dated June 27, 2024, as amended from time to time.

In this regard, the term 'segregated portfolio' shall mean a portfolio comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme, the term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio and the term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

The AMC may create a segregated portfolio in a mutual fund scheme 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:

- a. Downgrade of a debt or money market instrument to 'below investment grade', or
- b. Subsequent downgrades of the said instruments from 'below investment grade', or
- c. Similar such downgrades of a loan rating.

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. Creation of segregated portfolio shall be optional and at the discretion of the AMC. The AMC shall decide on creation of segregated portfolio on the day of the credit event. Further, the AMC shall seek approval of the Trustees prior to creation of the segregated portfolio.

Creation of segregated portfolio of unrated debt or money market instruments by mutual fund schemes of an issuer that does not have any outstanding rated debt or money market instruments, subject to the following:

- a. Segregated portfolio of such unrated debt or money market instruments may be created only in case of actual default of either the interest or principal amount.
- b. Asset Management Companies are required to 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, 360 ONE AMC may segregate the portfolio.

### **Risks associated with segregated portfolio:**

The unit holders may note that no redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in the segregated portfolio, the AMC shall enable listing of units of segregated portfolio on the recognized stock exchange.

The risks associated in regard to the segregated portfolio are as follows:

- The investors holding units of the segregated portfolio may not be able to liquidate their holdings till the time of recovery of money from the issuer.
- The security comprising the segregated portfolio may not realize any value.
- Listing of units of the segregated portfolio on a recognized stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units of the segregated portfolio on the stock exchange.
- The trading price of units on the stock exchange may be significantly lower than the prevailing Net Asset Value (NAV) of the segregated portfolio.

### **Process for Creation of Segregated Portfolio**

a) AMC shall decide on creation of segregated portfolio on the day of credit event/receipt of information about actual default of unrated debt or money market instruments (credit event), as per the process laid down below:

- The AMC shall seek approval of Trustees, prior to creation of the segregated portfolio.
- The AMC shall immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. It shall also be disclosed that the segregation shall be subject to trustee approval. Additionally, the said press release shall be prominently disclosed on the website of the AMC.
- The AMC shall 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.

b) Once trustee approval is received by the AMC:

The 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 shall be sent to all unit holders of the concerned scheme.

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, the AMC shall enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests

c) If the trustees do not approve the proposal to segregate portfolio, the AMC shall issue a press release immediately informing investors of the same.

### **Valuation and processing of subscriptions and redemptions:**

a) Notwithstanding the decision to segregate the debt and money market instrument, the valuation shall take into account 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, 1996 and Circular(s) issued thereunder.

b) 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 existing circular on applicability of NAV as under:

- Upon trustees' approval to create a segregated portfolio:

- o 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.
- o Investors subscribing to the scheme/Investment Strategy will be allotted units only in the main portfolio based on its NAV.
- ii. 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.

### **Disclosures:**

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 of 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 working 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 daily basis.
- 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 ISID, KIM-cum-Application Form, advertisement, AMC and AMFI websites, etc
- 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 paragraph (d) and € 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.

### **TER for the Segregated Portfolio:**

- a) The 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 AMC
- d) The costs related to segregated portfolio shall in no case be charged to the main portfolio.

### **Monitoring by Trustees:**

In order to ensure timely recovery of investments of the segregated portfolio, trustees shall ensure that:

- i. The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
- ii. 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.
- iii. 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.
- iv. The Trustees shall monitor the compliance of SEBI requirements and disclosure in this respect shall be made in half-yearly trustee reports filed with SEBI.

In order to avoid mis-use of segregated portfolio, the Trustees have ensured 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/investment strategy.

Please note that the process followed by the AMC regarding creation of segregated portfolios shall be in accordance with the provisions laid down by SEBI from time to time.

#### Illustration of Segregated Portfolio

Portfolio Date	:	30-April-19
Downgrade Event Date	:	30-April-19
Downgrade Security	:	8.00% A Ltd from A- to C

Valuation Marked Down; 50%  
Portfolio on the date of credit event

Security	Rating	Type of Security	Qty	Price per Unit (INR)	Market Value (INR lakhs)
8.00% A Ltd*	CRISIL A-	NCD	25,000	49.552	12.38
7.80% B Ltd	CRISIL AAA	NCD	25,000	101.021	25.25
7.65% C Ltd	CRISIL AAA	NCD	21,000	100.022	21.00
8.10% D Ltd	CRISIL A-	NCD	30,000	99.548	29.86
Cash & Cash Equivalent					11.50
Net Assets (in lakhs)					100.01
Unit Capital (no. of units)					10,000
NAV per unit (INR)					1000.12

Main Portfolio as on 30th April 2019

Security	Rating	Type of Security	Qty	Price per Unit (INR)	Market Value (INR lakhs)
7.80% B Ltd	CRISIL A	NCD	25,000	101.021	25.25
7.65% C Ltd	CRISIL AAA	NCD	21,000	100.022	21.00

8.10% D Ltd	CRISIL A-	NCD	30,000	99.548	29.86
Cash & Cash Equivalent					11.50
Net Assets (in lakhs)					87.62
Unit Capital (no. of units)					10,000
NAV per unit (INR)					876.24

#### Segregated Portfolio as on 30th April 2019

Security	Rating	Type of Security	Qty	Price per Unit (INR)	Market Value (INR lakhs)
8.00% A Ltd*	CRISIL C	NCD	25,000	49.552	12.38
Net Assets (in lakhs)					12.38
Unit Capital (no. of units)					10,000
NAV per unit (INR)					123.88

\* Marked down by 50% on the date of credit event. Before marked down the security was valued at INR.99.105 per unit on the date of credit event i.e on 30th April 2019, NCD of 8.00% A Ltd will be moved to a segregated portfolio.

#### Total Portfolio value after creation of segregated portfolio

Particulars	Main Portfolio	Segregated Portfolio	Total Value (INR lakhs)
Number of Units	10,000	10,000	-
NAV per unit	876.24	123.88	1000.12
Total Value (in INR lakhs)	87.63	12.38	100.01

### 3. Short selling / stock lending

Subject to the SEBI Regulations as applicable from time to time, the SIF may, engage in Stock Lending. Stock Lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio. The securities lent will be returned by the borrower on the expiry of the stipulated period.

Such investments shall be made when in view of the Fund Manager, such investments could provide reasonable returns commensurate with risks associated with such investments and shall be made in accordance with the investment objective of the Investment Strategy. The AMC will adhere to strict limits should it engage in Stock Lending. The lending transactions may require procurement of collateral which would exceed in value, the value of the securities lent. The collateral can be in the form of cash, bank guarantee, government securities or certificate of deposits or other securities as may be agreed upon with the approved intermediary.

As with other modes of extensions of credit, there are risks inherent to stock lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of securities i.e. the scheme and the approved intermediary. Such failure can result in the possible loss of rights to the collateral

put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent out securities and this can lead to temporary illiquidity. The AMC with a view to enhance the returns of the Investment Strategies, may increase exposure in stock lending activities as deemed fit from time to time.

If permitted by SEBI under extant regulations/guidelines, the scheme may also engage in stock borrowing. The Investment Strategy may also enter into 'Repo/Reverse Repo' transactions, as may be permitted from time to time. Stock borrowing means the borrowing of stock from another person or entity for a fixed period of time, at a negotiated compensation. The securities borrowed will be returned to the lender on expiry of the stipulated period.

## H. Stamp Duty

**Stamp Duty:** Pursuant to Notification No. S.O. 4419(E) dated December 10, 2019, notification no. G.S.R. 19 (E) dated the January 8, 2020, Notification No. 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 Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, a stamp duty @ 0.005% of the transaction value would be levied on mutual fund transactions including switches(excluding redemptions), with effect from July 01, 2020. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including Reinvestment of Income Distribution cum Capital Withdrawal (IDCW Reinvestment)) to the unitholders would be reduced to that extent. Further eligible transfer of dematerialised units will attract a stamp duty @0.015%.

## XI. DISCLOSURES AND REPORTS BY THE FUND

1. Account Statement/Consolidated Account Statement
2. Half Yearly Disclosures/Portfolio Disclosures/Financial Results
3. Half Yearly Results
4. Annual Report

**Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.**

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### Instruction:

*A SIF is free to add any other disclosure, which in the opinion of the Trustees of the SIF or the Asset Management Company (AMC) is material, provided that such information is not presented in an incomplete, inaccurate or misleading manner. Care should be taken to ensure that inclusion of such information does not, by virtue of its nature, or manner of presentation, obscure or impede understanding of any information that is required to be included under the Investment Strategy information document and Statement of Additional Information.*

### *Note:*

*The wording in italics is explanatory commentary/instructions.*

*The words in Arial font are the text to be used in the Statement of Additional Information, as applicable.*