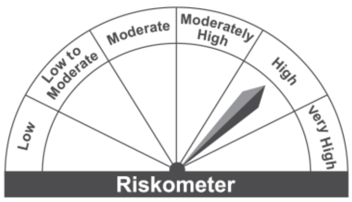
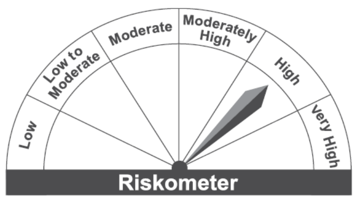
SECTION

Nippon India Asset Allocator FoF

(An open ended fund of funds scheme investing in equity oriented schemes, debt oriented schemes and gold ETF, units of ETF's/Index Funds of Nippon India Mutual Fund or any other Mutual Fund(s))

Scheme Information Document

Product Label		
This product is suitable for investors who are seeking*:	**Scheme Riskometer:** **Nippon India Asset Allocator FoF**	**Benchmark Riskometer:** **90% CRISIL Hybrid 50 + 50 – Moderate Index + 10% of Domestic prices of Gold**
• long term capital growth • An open ended fund of funds scheme investing in equity oriented schemes, debt oriented schemes and gold ETF, units of ETF's/Index Funds of Nippon India Mutual Fund or any other Mutual Fund(s) *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	 Investors understand that their principal will be at High risk	 Benchmark Riskometer is at High risk

Continuous offer of the Units of the face value of Rs. 10 each for cash at NAV based prices (subject to applicable load)

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and circulars issued thereunder filed with SEBI, along with a Due Diligence Certificate from the Asset Management Company. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres /Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Nippon India Mutual Fund, Standard Risk Factors, Special Consideration, Tax and Legal issues and general information on https://mf.nipponindiaim.com .

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.

The Scheme Information Document (Section I and Section II) should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated November 29, 2024

NAME OF MUTUAL FUND

Nippon India Mutual Fund (NIMF)

NAME OF ASSET MANAGEMENT COMPANY

Nippon Life India Asset Management Limited (NAM India)

CIN : L65910MH1995PLC220793

NAME OF TRUSTEE COMPANY

Nippon Life India Trustee Limited (NLITL)

CIN : U65910MH1995PLC220528

Registered Office (NIMF, NAM India, NLITL)

4th Floor, Tower A, Peninsula Business Park,

Ganapatrao Kadam Marg, Lower Parel (W),

Mumbai - 400 013.

Tel No. +91 022 6808 7000

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Website : https://mf.nipponindiaim.com

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Part I. HIGHLIGHTS/SUMMARY OF THE SCHEME

Sr. No.	Title	Description
I.	**Name of the scheme**	Nippon India Asset Allocator FoF
II.	**Category of the Scheme**	Other - FoFs (Domestic)
III.	**Scheme type**	An open ended fund of funds scheme investing in equity oriented schemes, debt oriented schemes and gold ETF, units of ETF's/Index Funds of Nippon India Mutual Fund or any other Mutual Fund(s)
IV.	**Scheme code**	NIMF/O/O/FOD/20/01/0105
V.	**Investment objective**	The primary investment objective of the Scheme is to seek long term capital growth by investing in units of equity oriented schemes, debt oriented schemes, gold ETF, units of ETFs/Index Funds of Nippon India Mutual Fund or any other Mutual Fund(s).There is no assurance that the investment objective of the Scheme will be achieved
VI.	**Liquidity/listing details**	**Liquidity** The Scheme will offer for Sale / Switch-in and Redemption / Switch-out of Units on every Working Day on an ongoing basis. As per SEBI Regulations, the Mutual Fund shall make payment of Redemption proceeds within 3 Working Days of receiving a valid Redemption request. In case of exceptional situations listed in AMFI Circular No.AMFI/35P/MEM-COR/74/2022-23 dated January 16, 2023, redemption payment would be made within the permitted additional timelines. A penal interest of 15% per annum or such other rate as may be prescribed by SEBI from time to time, will be paid in case the Redemption proceeds are not made within 3 Working Days of the date of receipt of a valid Redemption request. The payment of redemption proceeds under the Scheme will be subject to receipt of redemption proceeds from the underlying Scheme(s). **Listing** Being an open-ended scheme, the units are not proposed to be listed on any stock exchange. However, the Trustee reserves the right to list the units as and when open-end Schemes are permitted to be listed under the Regulations, and if the Trustee considers it necessary in the interest of unitholders of the Scheme.
VII.	**Benchmark (Total Return Index)**	90% CRISIL Hybrid 50 + 50 – Moderate Index + 10% of Domestic prices of Gold Considering the investment mandate of the scheme is to invest across asset classes with the objective of achieving long term capital growth, we propose to have 90% CRISIL Hybrid 50 + 50 - Moderate Index + 10% of Domestic prices of Gold as the benchmark for the Fund. The AMC / Trustee reserve the right to change / modify the benchmark. For every change in the benchmark, NAM India will intimate the investors by issuing an addendum.
VIII.	**NAV disclosure**	The NAV will be calculated on every Business Day and uploaded on the AMFI site www.amfiindia.com and Nippon India Mutual Fund site i.e. https://mf.nipponindiaim.com by 10.00 a.m. on the next business day. Further, AMC will extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs. In case of any delay, the reasons for such delay would be explained to AMFI and SEBI. Further Details in Section II.
IX.	**Applicable timelines**	**Timeline for Dispatch of redemption proceeds** As per SEBI Regulations, the Mutual Fund shall transfer the redemption proceeds within the maximum period allowed, which is currently 3 working days from the date of receipt of a valid redemption request at the Designated Investor Service Centers. In case of exceptional situations listed in AMFI Circular No.AMFI/35P/MEM-COR/74/2022-23 dated January 16, 2023, redemption payment would be made within the permitted additional timelines. All payments shall be despatched by ordinary mail (with or without UCP) or Registered Post or by Courier, unless otherwise required under the Regulations, at the risk of the unitholder. **Timeline for Dispatch of IDCW (if applicable) etc** The IDCW payments shall be initiated to the unitholders within 7 working days from the Record date, in compliance to the Clause 11.4 of SEBI Master Circular dated June 27, 2024.
X.	**Plans and Options** **Plans/Options and sub options under the Scheme**	The Scheme offers following Plans/Options under Direct Plan and Regular Plan: (a) Growth Plan

<table>
<tr><td></td><td></td><td>
(1) Growth Option
(b) Income Distribution cum capital withdrawal plan
(1) Payout of Income Distribution cum capital withdrawal Option
(2) Reinvestment of Income Distribution cum capital withdrawal Option
Direct Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund (i.e. investments not routed through an AMFI Registration Number (ARN) Holder).
Investor may note that following shall be applicable for default plan
<table>
<tr><th>Scenario</th><th>Broker Code mentioned by the investor</th><th>Plan mentioned by the investor</th><th>Default Plan to be captured</th></tr>
<tr><td>1</td><td>Not mentioned</td><td>Not mentioned</td><td>Direct Plan</td></tr>
<tr><td>2</td><td>Not mentioned</td><td>Direct Plan</td><td>Direct Plan</td></tr>
<tr><td>3</td><td>Not mentioned</td><td>Regular Plan/Other than Direct Plan</td><td>Direct Plan</td></tr>
<tr><td>4</td><td>Mentioned</td><td>Direct Plan</td><td>Direct Plan</td></tr>
<tr><td>5</td><td>Direct</td><td>Not Mentioned</td><td>Direct Plan</td></tr>
<tr><td>6</td><td>Direct</td><td>Regular Plan/Other than Direct Plan</td><td>Direct Plan</td></tr>
<tr><td>7</td><td>Mentioned</td><td>Regular Plan/Other than Direct Plan</td><td>Regular Plan/Other than Direct Plan</td></tr>
<tr><td>8</td><td>Mentioned</td><td>Not Mentioned</td><td>Regular Plan/Other than Direct Plan</td></tr>
</table>
For detailed disclosure on default plans and options, kindly refer SAI.
</td></tr>
<tr><td>XI.</td><td>Load Structure</td><td>
Exit Load:
10% of the units allotted shall be redeemed without any exit load, on or before completion of 12 months from the date of allotment of units. Any redemption in excess of such limit in the first 12 months from the date of allotment shall be subject to the following exit load. Redemption of units would be done on First in First out Basis (FIFO):
• 1% if redeemed or switched out on or before completion of 12 months from the date of allotment of units.
• Nil, thereafter
Inter scheme Switch - At the applicable exit load in the respective Schemes.
Inter Plan Switch / Systematic Transfer Plan (STP) / Inter Option Switch -
a) Switch / systematic transfer of investments made with ARN code, from Regular Plan to Direct Plan of a Scheme shall be subject to applicable exit load, if any.
b) No Exit Load shall be levied for switch/ systematic transfer of investments made without ARN code, from Regular Plan to Direct Plan of the Scheme or vice versa.
No load shall be applicable for inter option Switch/systematic transfer of investments within the same plan under the scheme (for e.g. Growth Option to IDCW Option and vice versa).
For any change in load structure NAM India will publish an addendum in the news paper(s) and display it on the website/Investor Service Centres.
</td></tr>
<tr><td>XII.</td><td>Minimum Application Amount/switch in</td><td>
Rs 5,000 and in multiples of Re 1 thereafter
Note – Pursuant to notice cum addendum dated October 30, 2021, for investments made by designated employees in terms of Clause 6.10 of SEBI Master Circular dated June 27, 2024, requirement for minimum application/ redemption amount will not be applicable.
</td></tr>
<tr><td>XIII.</td><td>Minimum Additional Purchase Amount</td><td>
Rs 1000 and in multiples of Re 1 thereafter
Note - Pursuant to notice cum addendum dated October 30, 2021, for investments made by designated employees in terms of Clause 6.10 of SEBI Master Circular dated June 27, 2024, requirement for minimum application/ redemption amount will not be applicable.
</td></tr>
</table>

XIV.	**Minimum Redemption/switch out amount**	**Minimum Switch Amount** Will be as per the minimum application amount in the respective scheme which may have been opted by the investor for switching the units/amount where the switch facility is available. **Minimum Redemption Amount** Redemptions can be of minimum amount of Rs.100 or any number of units.
XV.	**New Fund Offer Period** This is the period during which a new scheme sells its units to the investors.	Not Applicable
XVI.	**New Fund Offer Price:** This is the price per unit that the investors have to pay to invest during the NFO.	Not Applicable
XVII.	**Segregated portfolio/side pocketing disclosure**	The scheme has segregated portfolio disclosure. For Details, kindly refer SAI
XVIII.	**Swing pricing disclosure**	Not Applicable
XIX.	**Stock lending/short selling**	Not Applicable
XX.	**How to Apply & Other details**	The applications filled up and duly signed by the applicants should be submitted at the office of the Collection Centres / DISCs / Official Points of Acceptance or may be downloaded from the website of AMC. The list of the Designated Investor Service Centres (DISCs)/Official Points of Acceptance (OPAs) of the Mutual Fund are available on the website of the AMC i.e. https://mf.nipponindiaim.com . Please refer to the SAI for detailed procedure and Application form for the instructions.
XXII.	**Investor services**	**Contact details for general service requests & complaint resolution:** Mr. Milind Nesarikar is the Investor Relations Officer for the Fund. All related queries should be addressed to him at the following address: Mr. Milind Nesarikar Nippon Life India Asset Management Limited 20th Floor, Tower A, Peninsula Business Park, Ganapatrao Kadam Marg, Lower Parel (W), Mumbai - 400 013. Tel No. +91 022 6954 8000; Fax No. +91 022 6954 8199 Email: Milind.Nesarikar@nipponindiaim.com **Online Dispute Resolution Platforms** **1. SCORES** SCORES is a web based centralized grievance redressal system which enables investors to lodge and follow up their complaints and track the status of redressal of such complaints online. Through this system, the investor should be able to submit his/her complaint on an online basis, which shall then be monitored and forwarded by the concerned Desk Officer(s) at SEBI to the concerned AMC's, who would then in-turn be required to suitably redress & upload status thereof on this platform itself, within the stipulated time period. For redressal of complaints, Investors can visit www.scores.gov.in. **2. Online Dispute Resolution (ODR) Portal** Pursuant to SEBI Circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/ CIR/2023/131 dated July 31, 2023 read with SEBI Circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 04, 2023, common Online Dispute Resolution ('ODR') Portal has been established in order to harnesses online conciliation and online arbitration for resolution of disputes arising in the Indian Securities Market. The investors can access the link to ODR portal viz. https://smartodr.in which is also made available on our website.
XXIII.	**Specific attribute of the scheme (such as lock in, duration in case of target maturity**	Not Applicable

	scheme/close ended schemes) (as applicable)	
XXIV.	**Special product/facility available during the NFO and on ongoing basis**	**A. SPECIAL PRODUCTS** 1. Systematic Investment Plan (SIP) 2. Systematic Transfer Plan (STP) 3. Nippon India Salary AddVantage 4. Transfer of Income Distribution cum capital withdrawal plan (TIDCWP) 5. Systematic Withdrawal Plan (SWP) 6. Trigger Facility **B. SPECIAL FACILITIES** 1. Transactions through website of Nippon India Mutual Fund https://mf.nipponindiaim.com , Nippon India Mutual Fund mobile applications and other digital assets / platforms 2. Facilitating transactions through Stock Exchange Mechanism 3. Official Points of Acceptance of Transaction through MF utility 4. Transactions through Electronic Platform of Registrar and Transfer Agent 5. Official Point of Acceptance through MF Central 6. Single Cheque Multiple Scheme investment facility 7. Official Points of acceptance of transactions through Cybrilla platform For further details of above special products / facilities, For Details, kindly refer SAI
XXV.	**Weblink**	A weblink wherein TER for last 6 months, Daily TER as well as scheme factsheet shall be made available. TER : https://mf.nipponindiaim.com/investor-services/downloads/total-expense-ratio-of-mutual-fund-schemes Factsheet : https://mf.nipponindiaim.com/investor-service/downloads/factsheet-and-other-portfolio-disclosures

DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:

(i) The Scheme Information Document submitted to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.

(ii) All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.

(iii) The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Scheme.

(iv) The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

(v) The contents of the Scheme Information Document including figures, data, yields etc. have been checked and are factually correct

(vi) AMC has complied with the set of checklist applicable for Scheme Information Document and other than cited deviations/ that there are no deviations from the regulations

(vii) Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

(viii) The Trustees have ensured that Nippon India Asset Allocator FoF approved by them is a new product offered by Nippon India Mutual Fund and is not a minor modification of any existing scheme/fund/product.

Sd/-

Date: November 29, 2024

Name: Muneesh Sud

Place: Mumbai

Designation: Chief Legal & Compliance Officer

Part II. INFORMATION ABOUT THE SCHEME

A. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

Under normal circumstances, the anticipated asset allocation would be:

Instruments	Indicative asset allocation (% of total assets)		Risk Profile
	Minimum	Maximum	Low/ Medium/ High
Equity oriented schemes/ units of ETFs/ Index Funds	0%	100%	High
Debt oriented schemes/ units of ETFs/ Index Funds	0%	100%	Low to Medium
Gold ETF	0%	25%	High
Money Market Instruments	0%	5%	Low to Medium

At all points of time, the scheme will remain invested at least 95% (minimum allocation) in the underlying schemes.

The Scheme can invest in the schemes managed by Nippon India Mutual Fund or any other Mutual Fund(s) as per the above stated asset allocation.

Investment in liquid schemes or schemes that invest predominantly in money market instruments/ securities will be made for funds pending deployment.

Money market instruments include Tri-party Repo on government securities or T-bills/ Reverse Repo, certificate of deposit, commercial papers, commercial bills, treasury bills, Government securities issued by Central & State Government having an unexpired maturity up to one year, call or notice money, usance bills (BRDS) and any other similar instruments as specified by the RBI/SEBI from time to time.

Liquidity in the scheme may be provided through borrowing to meet redemptions in accordance with the SEBI Regulations.

The Scheme will not invest in debt instruments having Structured Obligations / Credit Enhancements.

The Scheme will not invest in derivatives, securitized debt, ADR, GDR, foreign Securities, nor will it engage in short selling.

The above is indicative and is subject to change keeping in view the market conditions and opportunities, applicable Regulations and politico-economic factors. The investment manager in line with the investment objective may alter the above pattern for short term on defensive consideration.

Gross investments in securities under the Scheme which include equity, debt, gold schemes & units of ETFs/ Index Funds of Nippon India Mutual Fund or any other Mutual Fund(s), debt Instruments & money market instruments of India will not exceed 100% of the net assets of the Scheme.

Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars)

Sl. No	Type of Instrument	Percentage of exposure	Circular references
1	Securities Lending	-	SEBI (Mutual Funds) Regulations, 1996, Securities Lending Scheme, 1997 and Clause 12.11 of SEBI Master Circular dated June 27, 2024
2	Equity Derivatives for non-hedging purposes	NIL	Clause 12.25 of SEBI Master Circular dated June 27, 2024
3	Derivatives	NIL	Clause 12.25 of SEBI Master Circular dated June 27, 2024
4	Securitized Debt	NIL	Clause 12.15 of SEBI Master Circular dated June 27, 2024
5	Overseas Securities	-	Clause 12.19 of SEBI Master Circular dated June 27, 2024
6	ReITS and InVITS		
	i. Units of REIT and InvIT	-	Clause 13 of Seventh schedule of SEBI (Mutual Funds) Regulations, 1996
	ii. Units of REIT and InvIT issued by a single issuer.	-	
7	AT1 and AT2 Bonds	-	Clause 12.2 of SEBI Master Circular dated June 27, 2024
8	AT1 and AT2 Bonds (Single issuer)	-	
9	Unrated debt and money market instruments	0-5%	Clause 12.1.5 of SEBI Master Circular dated June 27, 2024
10	Unlisted Non-Convertible Debentures (NCDs)	-	Clause 12.1.1 of SEBI Master Circular dated June 27, 2024

11	* Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade at Scheme level.	-	Clauses 12.3.1 of SEBI Master Circular dated June 27, 2024
12	* Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade for any group on debt portfolio of the schemes.	-	Clauses 12.3.1 of SEBI Master Circular dated June 27, 2024
13	Repo transactions in corporate debt securities	-	Clauses 12.18.1.1 of SEBI Master Circular dated June 27, 2024

* Of Debt portfolio.

Rebalancing of deviation due to short term defensive consideration:

Subject to SEBI (MF) Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations, and political and economic factors. It must be clearly understood that the percentages can vary substantially depending upon the perception of the Investment Manager; the intention being always to seek to protect the interests of the Unit holders. As per Clause 1.14.1.2.b and Clause 2.9 of SEBI Master Circular dated June 27, 2024, such changes in the investment pattern will be for short term and for defensive consideration only. In the event of deviations, portfolio rebalancing will be carried out within 30 calendar days in such cases.

Portfolio rebalancing in case of passive breach:

In case of any deviation (due to passive breaches) from the asset allocation of the scheme, the fund manager will carry out rebalancing within 30 business days. Where the portfolio is not re-balanced within 30 business days, justification in writing including details of efforts taken to rebalance the portfolio shall be placed before the Investment Committee. The Investment Committee, if so desires, can extend the timelines up to sixty (60) business days from the date of completion of mandated rebalancing period. However, always the portfolio will adhere to the overall investment objectives of the Scheme.

B. WHERE WILL THE SCHEME INVEST?

The corpus of the Scheme will be invested in the units of equity oriented schemes, debt oriented schemes, gold ETF & units of ETFs/ Index Funds of Nippon India Mutual Fund or any other Mutual Fund(s) that invest in equity and equity related instruments, debt and money market instruments, gold & ETFs/Index Funds depending on the asset allocation pattern and Investment Objective of the Scheme as indicated above. As per the SEBI guidelines, a Fund of funds scheme shall not invest its assets other than in schemes of mutual funds, except to the extent of funds required for meeting the liquidity requirements for the purpose of repurchases or redemptions. Subject to the Regulations, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities:

1. Units of equity oriented schemes, debt oriented schemes and gold ETF & units of ETFs/ Index Funds of Nippon India Mutual Fund or any other Mutual Fund(s).
2. Money market instruments permitted by SEBI/RBI
3. Open-ended Liquid Schemes registered with SEBI or schemes that invest predominantly in money market instruments / securities.
4. Commercial Papers (CP), Certificate of Deposits (CD), Treasury Bills, Bills Rediscounting, Tri-party Repo on government securities or T-bills / Reverse Repo.
5. Investment in Government securities issued by Central and/or State Government to the extent of SEBI prescribed limits. Such securities may be:
   (i) Supported by the ability to borrow from the Treasury or
   (ii) Supported by Sovereign guarantee or the State Government or
   (iii) Supported by Government of India/ State Government in some other way
6. Securities issued by any government agencies, quasi-government or statutory bodies, Public Sector Undertakings, which may or may not be guaranteed or supported by the Central Government or any state government (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
7. The Fund may also enter into “Repo”, hedging or such other transactions as may be allowed to Mutual Funds from time to time. Investments in Tri-party Repo on government securities or T-bills would be as per the RBI circular dated July 24, 2018. Investments in Tri-party Repo on government securities or T-bills would be as per the RBI circular dated July 24, 2018.
8. Any other instruments / securities, which in the opinion of the fund manager would suit the investment objective of the scheme subject to compliance with extant Regulations.

The units of the schemes of the Mutual Funds in which the Scheme propose to make investments in could be listed or unlisted, open/closed ended. The units may be acquired through subscription to the units during the New Fund Offer of the schemes or by subscriptions on ongoing basis in case of open ended schemes, ETF/Index Funds.

Debt Market In IndiaT

The Indian Debt market is facing major shift in the recent times. The substantial growth in Mutual Fund collections in the past few years have provided an easy route for the investors to channelise their savings into the debt market, which otherwise is largely dominated by Banks and other Institutional investors.

At present, the Indian debt market is dominated by issues of Central Government bonds, Corporate Debentures and PSU Bonds. The new Securitised instruments are also very attractive in the primary market. Risk associated with securitized Debt or PTCs are credit risk, liquidity risk and price risk/interest rate risk. The other instruments available for investment are Commercial Papers, Certificate of Deposits, Government guaranteed bonds, etc.

Brief details about the instruments are given below as on September 30, 2024.

Instruments	Listed/ Unlisted	Current Yield Range As on September 30, 2024	Liquidity	Risk profile
Central Government Securities	Listed	6.53% - 6.95%	High	Low
Corporate Debentures / PSU Bonds	Listed	7.24%-7.69%	Moderate	Low
CDs (short term)	Unlisted	7.00% - 7.58%	High	Low
Call Money	Unlisted	5.10%- 6.55%	High	Low
Mibor linked Papers*	Listed	100-140 bps	Low	Low

**** Range of spread of 5 year AAA Corporate bond and OIS papers of similar maturity***

A brief description about yields presently available on Central Govt. Securities /Bonds & Debentures of various maturities is as follows:

Annualised yields (as on September 30, 2024) are:

Yrs	=< 1yr	1yr - 5yr	5yr - 10yrs	10yr - 30 yrs
Central Government securities	6.64-6.76%	6.75%-6.92%	6.76%-6.89%	6.88%-7.07%
Debentures/ Bonds (AAA rated)	7.65%-7.69%	7.36%-7.64%	7.24%-7.40%	-

THE PRICE AND YIELD ON VARIOUS DEBT INSTRUMENTS FLUCTUATE FROM TIME TO TIME DEPENDING UPON THE MACRO ECONOMIC SITUATION, INFLATION RATE, OVERALL LIQUIDITY POSITION, FOREIGN EXCHANGE SCENARIO, ETC. ALSO, THE PRICE AND YIELD VARIES ACCORDING TO MATURITY PROFILE, CREDIT RISK ETC

C. WHAT ARE THE INVESTMENT STRATEGIES?

Nippon India Asset Allocator FoF is an actively managed Fund. To achieve the investment objective, the Fund of Funds Scheme will invest in units of equity oriented schemes, debt oriented schemes, gold ETF & units of ETFs/ Index Funds of Nippon India Mutual Fund or any other Mutual Fund(s). The scheme may also invest in Money Market Instruments and units of Liquid schemes. The Scheme will follow an in-house proprietary model to determine the optimum allocation in equity, debt and gold. The rebalancing will be done on a monthly basis.

The model consists of following broad parameters:

a) Trend Following (Moving Averages, etc.)

b) Valuations

c) Yield Curve

d) Macro Fundamentals

e) Relative Asset Class Momentum

Though every endeavor will be made to achieve the objective of the Scheme, the AMC / Sponsors / Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.

D. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

90% CRISIL Hybrid 50 + 50 – Moderate Index + 10% of Domestic prices of Gold

Considering the investment mandate of the scheme is to invest across asset classes with the objective of achieving long term capital growth, we propose to have 90% CRISIL Hybrid 50 + 50 - Moderate Index + 10% of Domestic prices of Gold as the benchmark for the Fund. The AMC / Trustee reserve the right to change / modify the benchmark. For every change in the benchmark, NAM India will intimate the investors by issuing an addendum.

E. WHO MANAGES THE SCHEME?

Name	Age	Educational Qualification	Type and Nature of past experience including assignments held during the past 10 years	Name of the Other Schemes managed
Mr. Sushil Hari Prasad Budhia Senior Fund Manager – Debt Investments (Managing the Scheme - Since March 31, 2021)	46	Chartered Accountant	**Over 23 years of experience across Debt Markets** **January 2019 - till date** : NAM India: Senior Fund Manager **March 2006 to January 2019** YES Bank Ltd.: Senior President Financial Markets. Handled Debt Capital Markets and prop trading book of the Bank. **December 2002 to March 2006** Axis Bank (Erstwhile UTI Bank) : Manager, Merchant Banking. Handled Corporate Bond Desk of the Bank **May 2001 to December 2002** UTI Mutual Fund (Erstwhile Unit Trust of India) : Dealer – Debt Market	Nippon India Equity Hybrid Fund Nippon India Credit Risk Fund Nippon India Hybrid Bond Fund Nippon India Equity Savings Fund Nippon India Strategic Debt Fund Nippon India Multi Asset Allocation Fund Nippon India Balanced Advantage Fund Nippon India Short Term Fund
Mr. Ashutosh Bhargava Fund Manager (Managing the Scheme - Since Launch of the scheme)	42	B.Com. MBA (Finance)	**Over 19 years of experience in Capital Markets** **22nd May 2019 till Date** - Head- Equity Research & Fund Manager **September 16, 2017 till date** NAM India- Deputy Investment Strategist and Fund Manager **2008- till September 15, 2017** NAM India - Investment Strategist **2007- 2008** Reliance Capital Ltd - Economist **2005 – 2007** JPMorgan India Services Private Ltd - Economist	Nippon India Quant Fund Nippon India Balanced Advantage Fund Nippon India Multi Asset Allocation Fund Nippon India Passive Flexicap FoF Nippon India Multi Cap Fund Nippon India Retirement Fund - Income Generation Scheme Nippon India Retirement Fund - Wealth Creation Scheme Nippon India Equity Savings Fund

F. HOW IS THE SCHEME DIFFERENT FROM EXISTING SCHEMES OF THE MUTUAL FUND?

Existing Fund of Fund schemes of Nippon India Mutual Fund are as follows:

Sr. No.	Scheme Name
1.	Nippon India Asset Allocator FoF
2.	Nippon India Gold Savings Fund
3.	Nippon India Nifty Next 50 Junior BeES FoF
4.	Nippon India Passive Flexicap FoF
5.	Nippon India Silver ETF Fund of Fund (FOF)

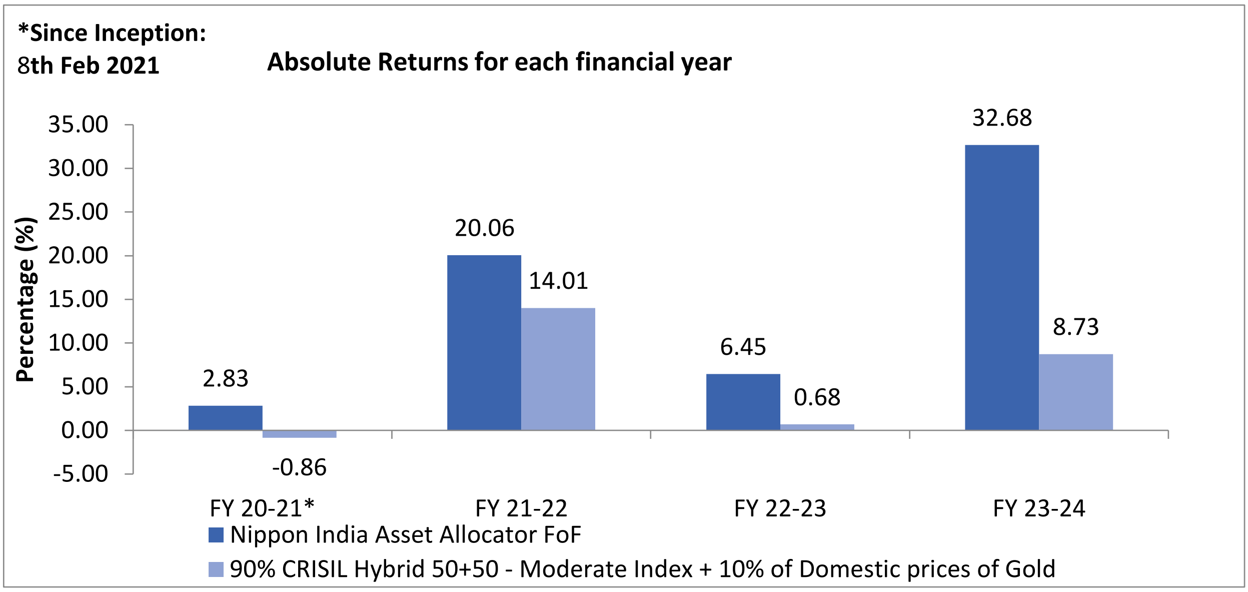
For details of the scheme differentiation please visit

https://mf.nipponindiaim.com/investor-service/downloads/scheme-information-document

G. HOW HAS THE SCHEME PERFORMED (as on September 30, 2024)

Compounded Annualised Returns	Scheme Returns %	Benchmark Returns %
Returns for the last 1 year	32.04	10.05
Returns for the last 3 years	18.87	6.54
Returns for the last 5 years	-	-
Returns since inception (Inception date February 08, 2021)	21.54	7.16

Absolute returns for each financial year for the last 5 years



Past performance may or may not be sustained in future

Calculation assume that all payouts during the period have been re-invested in the units of the scheme at the then prevailing NAV.

All the returns are of Regular Plan - Growth Plan - Growth Option

H. ADDITIONAL SCHEME RELATED DISCLOSURES

i. Top 10 holdings by issuer and sectors (As on September 30, 2024)

For scheme portfolio holdings & sectors please visit https://mf.nipponindiaim.com/investor-service/downloads/scheme-information-document

ii. Functional website link for Portfolio Disclosure –

Fortnightly/Monthly:https://mf.nipponindiaim.com/investor-service/downloads/factsheet-and-other-portfolio-disclosures

Half Yearly: https://mf.nipponindiaim.com/investor-service/downloads/annual-half-yearly-reports

iii. Portfolio Turnover Rate (As on September 30, 2024) : 0.69

iv. Aggregate investment in the Scheme by (As on September 30, 2024):

Sr. No	Concerned scheme's Fund Manager(s)	Net Value		Market Value (in Rs.)
		Units	NAV per unit	
1	Mr. Sushil Hari Prasad Budhia (DIRECT GROWTH PLAN)	4151.754	21.117	87,672.59
2	Mr. Ashutosh Bhargava (DIRECT GROWTH PLAN)	1028.405	21.117	21,716.83

For any other disclosure w.r.t investments by key personnel and AMC directors including regulatory provisions in this regard kindly refer SAI.

v. Investments of AMC in the Scheme –

In line with SEBI Regulations and circulars issued by SEBI from time to time, the AMC may invest its own funds in the scheme(s). Further, the AMC shall not charge any fees on its investment in the Scheme (s), unless allowed to do so under SEBI Regulations in the future

For details of investment please visit https://mf.nipponindiaim.com/investor-service/statutory-disclosures

Part III - OTHER DETAILS

A. COMPUTATION OF NAV

The Net Asset Value (NAV) of the Units will be determined daily or as prescribed by the Regulations. The NAV shall be calculated in accordance with the following formula, or such other formula as may be prescribed by SEBI from time to time.

$$\text{NAV} = \frac{\text{Market/Fair Value of Scheme's Investments + Receivables + Accrued Income + Other Assets - Accrued Expenses- Payables- Other Liabilities}}{\text{Number of Units Outstanding}}$$

Example: If the applicable NAV is Rs. 10.00, sales/entry load is 2 per cent and the exit/repurchase load is 2 percent then the sales price will be Rs. 10.20 and the repurchase price will be Rs. 9.80.

Rounding off policy for NAV

Net Asset Value of the Units in the Scheme is calculated in the manner provided in this Scheme Information Document or as may be prescribed by Regulations from time to time. The NAV will be computed upto four decimal places.

The underlying units will be valued at market price of underlying units as traded on the principal exchange. In case the units of underlying ETF get classified as thinly traded / non traded the same may be valued as per the underlying NAV of the fund. For the purposes of determination of the thinly traded / non traded securities the definitions in the SEBI regulations shall be applied. Computation of NAV will be done after taking into account IDCWs declared, if any, and the distribution tax thereon, if applicable.

Example: If the applicable NAV is Rs. 10.00, sales/entry load is 2 per cent and the exit/repurchase load is 2 percent then the sales price will be Rs. 10.20 and the repurchase price will be Rs. 9.80.

Illustration for computation of NAV:

Particulars	**Amount (In INR)**
Assets	
Market/Fair Value of Scheme's Investments	1,00,000
Current Assets	
Receivables	1,500
Accrued Income	500
Other Assets	1,000
Total Assets (A)	1,03,000
Current Liabilities	
Accrued Expenses	1,100
Payables	300
Other Liabilities	100
Total Liabilities (B)	1,500
Net Assets (C) (A – B)	1,01,500
Units Outstanding (D)	10,000
NAV per unit (C/D)	10.1500

The mutual fund shall ensure that the repurchase price of the scheme is not lower than 95% of the Net Asset Value.

For other details such as policies w.r.t computation of NAV, rounding off, investment in foreign securities, procedure in case of delay in disclosure of NAV etc. refer to SAI.

B. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc. The NFO expenses shall be borne by the AMC.

Being an ongoing Scheme details as regard NFO expenses have not been provided herein.

C. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC and other expenses as given in the table below:

The AMC has estimated that the following % of the daily net assets of the scheme will be charged to the scheme as expenses. The AMC would update the current expense ratios on the website of the mutual fund at least three working days prior to the effective date of the change. Further Actual Expense ratio will be disclosed at the following link https://mf.nipponindiaim.com/investor-services/downloads/total-expense-ratio-of-mutual-fund-schemes

Estimated Expense Structure

Particulars	% of Net Assets
Investment Management & Advisory Fee	Upto 2.00%*
Audit fees/fees and expenses of trustees	
Custodial Fees	
Registrar & Transfer Agent Fees including cost of providing account statements / IDCW / redemption cheques/ warrants	
Marketing & Selling Expenses including Agents Commission and statutory Advertisement	
Costs related to investor communications	
Costs of fund transfer from location to location	
Cost towards investor education & awareness ##	
Brokerage & transaction cost pertaining to distribution of units	
Brokerage and transaction cost (including GST) over and above 12 bps and 5 bps for cash and Derivative market trades respectively	
Goods & Service tax on expenses other than investment and advisory fees	
Other Expenses #	
Maximum total expense ratio (TER) permissible under Regulation 52 (6) (a) (iii) including the TER of underlying funds	Upto 2.00%
Additional expenses under regulation 52 (6A) (c)#	Upto 0.05%
Additional expenses under Section 52 (6A) (b) for gross new inflows from specified cities and retail investors	Upto 0.30%

* including weighted average of the total expense ratio levied by the underlying scheme

Pursuant to Securities and Exchange Board of India (Mutual Funds) (Fourth Amendment) Regulations, 2018, the total expense ratio charged to the scheme shall be revised with effect from April 1, 2019.

Expenses charged under the said parameters shall be in line with the Regulation 52 of SEBI (MF) Regulations or such other basis as specified by SEBI from time to time.

Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds shall not be required to set aside 2bps of the daily net assets towards investor education and awareness initiatives as per Clause 10.1.16.ii of SEBI Master Circular dated June 27, 2024.

The total expense ratio to be charged over and above the weighted average of the total expense ratio of the underlying scheme shall not exceed two times the weighted average of the total expense ratio levied by the underlying scheme, subject to the overall ceilings as stated in Regulation 52 (6) (a) (iii).

Illustration – Impact of Expense Ratio on the Returns

Particulars	Regular Plan/Other than Direct Plan	Direct Plan
Amount Invested at the beginning of the year	10,000	10,000
Returns before Expenses	1,500	1,500

Expenses other than Distribution Expenses	150	150
Distribution Expenses	50	-
Returns after Expenses at the end of the Year	1,300	1350
Returns	13.00%	13.50%

Note: Please note that the above is an approximate illustration of the impact of expense ratio on the returns, where the Gross NAV has been simply reduced to the extent of the expenses. The actual impact would vary depending on the path of returns over the period of consideration.

Expenses will be charged on daily net assets.

These estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se as per actual but the total expenses shall not exceed the limits permitted by SEBI. Types of expenses charged shall be as per the SEBI (MF) Regulations. The purpose of the above table is to assist the investor in understanding the various costs and expenses that an investor in the scheme will bear directly or indirectly.

Mutual funds /AMCs may charge goods & service tax on investment and advisory fees to the scheme in addition to the maximum limit as prescribed in regulation 52 of the SEBI Regulations.

Goods & Service tax on other than investment and advisory fees, if any, shall be borne by the scheme within the maximum limit as per regulation 52 of the SEBI Regulations.

Direct Plan shall have a lower expense ratio excluding distribution expenses, commission, and no commission shall be paid from such plan. Further, the NAV of Direct Plan shall be different from the NAV of Regular Plan given the two plans carry different Total Expense Ratio (TER)".

However, no Investment Management fees would be charged on NAM India's investment in the Scheme. The Trustee Company, shall be entitled to receive a sum computed @ 0.05% of the Unit Capital of all the Schemes of NIMF on 1st April each year or a sum of Rs.5,00,000/- whichever is lower or such other sum as may be agreed from time to time in accordance with the SEBI Regulations or any other authority, from time to time.

The investors in the Nippon India Asset Allocator FoF will be charged a maximum of 2.00% of the daily net assets including the expenses charged in its underlying schemes and additional expenses as allowed by sub regulation 6A of regulation 52.

AMC is free to allocate the above list of expenses within the overall maximum limit prescribed under SEBI (Mutual Funds) Regulations, 1996, which means there will be no internal sub-limits on charging of any particular expense in the scheme.

In terms of Regulation 52(1) of SEBI (Mutual Funds) Regulations, 1996, all scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, will necessarily be paid from the scheme only within the regulatory limits and not from the books of AMC, its associate, sponsor, trustee or any other entity through any route. Provided that the expenses that are very small in value but high in volume may be paid out of AMC's books. Such expenses shall be paid out of AMC books at actuals or not exceeding 2 bps of respective scheme AUM, whichever is lower. List of Such miscellaneous expenses may be provided by AMFI in consultation with SEBI or as specified/amended by AMFI/SEBI from time to time.

In addition to the limits specified in regulation 52(6), the following costs or expenses may be charged to the scheme as per new sub regulation 6A, namely-

(a) Brokerage and Transaction costs (including GST) incurred for the execution of trades may be expensed out in the scheme to the extent of 0.12 per cent of the value of trades in case of cash market transactions. Any payment towards brokerage and transaction costs incurred for the execution of trades, over and above the said 0.12 per cent for cash market transactions may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under Regulation 52 of the SEBI (Mutual Funds) Regulations, 1996. Any expenditure in excess of the said prescribed limit (including brokerage and transaction costs, if any) shall be borne by the AMC or by the Trustee or Sponsors;

(b) expenses not exceeding of 0.30 per cent of daily net assets, if the new inflows from such retail investors and cities, as specified by the SEBI from time to time are at least –

    (i) 30 per cent of gross new inflows in the scheme, or;

    (ii) 15 per cent of the average assets under management (year to date) of the scheme, whichever is higher:

Note: In line with AMFI communication no.35P/MEM-COR/85-a/2022-23 dated March 2, 2023 and SEBI letter no. SEBI/H0/IMD/IMD-SEC-3/P/OW/2023/5823/1 dated February 24, 2023, the B-30 incentive structure is kept in abeyance from March 1, 2023, till any further guidelines regarding necessary safeguards are issued by SEBI.

Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub- clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis:

Provided further that expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities.

Provided further that amount incurred as expense on account of inflows from such specified investors and cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment;

Provided further that, additional TER of 0.30 per cent can be charged based on inflows from retail investors only. For the purpose of additional TER, inflows of amount upto Rs 2,00,000/- per transaction, by individual investors shall be considered as inflows from "retail investors" as per clause 10.1.3 of SEBI Master Circular dated June 27, 2024.

(c) additional expenses, incurred towards different heads mentioned under sub-regulations (2) and (4) of the SEBI (Mutual Fund) Regulations, 1996, not exceeding 0.05 per cent of daily net assets of the scheme.

The Fund will strive to reduce the level of these expenses in order to keep them well within the maximum limits allowed by SEBI. Expenses on an ongoing basis will not exceed the percentage of the daily net assets or such maximum limits as may be specified by SEBI Regulations from time to time.

D. LOAD STRUCTURE

Exit Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses.

For the current applicable structure, please refer to the website of the AMC (https://mf.nipponindiaim.com) or may call at Customer Care at 18602660111 (charges applicable) and investors outside India can call Customer Care at 91-22-69259696 (charges applicable). or your distributor. Load amounts are variable and are subject to change from time to time. NAM India, in consultation with the Trustees, reserves the right to change the load structure if it so deems fit in the interest of smooth and efficient functioning of the scheme.

Any imposition or enhancement in the load shall be applicable on prospective investments only. However, NAM India shall not charge any load on issue of units allotted on reinvestment of IDCW for existing as well as prospective investors. At the time of changing the load structure:

(1) The addendum detailing the changes may be attached to Scheme Information Documents and key information memorandum. The addendum may be circulated to all the distributors/brokers so that the same can be attached to all Scheme Information Documents and key information memoranda already in stock.

(2) Arrangements may be made to display the addendum in the Scheme Information Document in the form of a notice in all the investor service centres and distributors/brokers office.

(3) The introduction of the exit load along with the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such load.

(4) A public notice shall be given in respect of such changes 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.

(5) Any other measures which the mutual funds may feel necessary.

Applicable Load Structure

The following Load Structure is applicable during the new fund offer and continuous offer including SIP instalments in the scheme till further notice.

Entry Load - Not Applicable

In accordance with the requirements specified by the Clause no. 10.4 of the Master circular dated June 27, 2024 no entry load will be charged for purchase / additional purchase / switch-in accepted by the Fund. Similarly, no entry load will be charged with respect to applications for registrations under systematic investment plans/ systematic transfer plans accepted by the Fund.

The upfront commission on investment made by the investor, if any, will be paid to the ARN Holder (AMFI registered Distributor) directly by the investor, based on the investor's assessment of various factors including service rendered by the ARN Holder.

Pursuant to Clause 10.6 of SEBI Master Circular dated June 27, 2024, no entry load or exit load shall be charged in respect of units allotted on reinvestment of IDCW.

Exit Load -

10% of the units allotted shall be redeemed without any exit load, on or before completion of 12 months from the date of allotment of units. Any redemption in excess of such limit

in the first 12 months from the date of allotment shall be subject to the following exit load. Redemption of units would be done on First in First out Basis (FIFO):

• 1% if redeemed or switched out on or before completion of 12 months from the date of allotment of units.

• Nil, thereafter

Inter scheme Switch - At the applicable exit load in the respective Schemes.

Inter Plan Switch / Systematic Transfer Plan (STP) / Inter Option Switch -

a) Switch / systematic transfer of investments made with ARN code, from Regular Plan to Direct Plan of a Scheme shall be subject to applicable exit load, if any.

b) No Exit Load shall be levied for switch/ systematic transfer of investments made without ARN code, from Regular Plan to Direct Plan of the Scheme or vice versa.

No load shall be applicable for inter option Switch/systematic transfer of investments within the same plan under the scheme (for e.g. Growth Option to IDCW Option and vice versa).

For any change in load structure NAM India will publish an addendum in the news paper(s) and display it on the website/Investor Service Centres.

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SECTION II

I. INTRODUCTION

A. Definitions/interpretation

For definition details please visit https://mf.nipponindiaim.com/investor-service/downloads/scheme-information-document

B. Risk Factors

SCHEME SPECIFIC RISK FACTORS

Investors may please note that they will be bearing the recurring expenses of the Scheme in addition to the expenses of the underlying schemes in which the fund of funds scheme makes investment.

- As the investors are incurring expenditure at both the Fund of Funds level and the schemes into which the Fund of Funds invests, the returns that they may obtain may be materially impacted or may at times be lower than the returns that investors directly investing in such schemes obtain.
- Again as the Fund of Funds scheme may shift the weightage of investments between schemes into which it invests, the expenses charged being dependent on the structure of the underlying schemes (being different) may lead to a non- uniform charging of expenses over a period of time.
- As the Fund of Funds (FOF) factsheets and disclosures of portfolio will be limited to providing the particulars of the schemes invested at FOF level, investors may not be able to obtain specific details of the investments of the underlying schemes.
- While it would be the endeavour of the Fund Manager of the Fund of Funds scheme(s) to invest in the underlying schemes in a manner, which will seek to maximize returns, the performance of the underlying funds may vary which may lead to the returns of the Fund of Funds being adversely impacted.
- The scheme proposes to invest in schemes of Nippon India Mutual Fund. Hence the Scheme's performance will depend upon the performance of the underlying schemes. Any change in the investment policies or the fundamental attributes of the underlying schemes may affect the performance of the Scheme.
- The changes in asset allocation may result in higher transaction costs.
- The scheme specific risk factors of each of the underlying schemes become applicable where a fund of funds invests in any underlying scheme. Investors who intend to invest in Fund of Funds are required to and are deemed to have read and understood the risk factors of the underlying schemes relevant to the Fund of Funds scheme that they invest in. Copies of the Scheme Information Documents pertaining to the various schemes of Nippon India Mutual Fund, which disclose the relevant risk factors, are available at at https://mf.nipponindiaim.com .
- To the extent the underlying debt and equity schemes engage in security lending, the Scheme will be subject to risks related to fluctuations in collateral value/settlement, liquidity and counter party related risk.
- To the extent the underlying debt and equity schemes engage in short selling, the Scheme will be subject to risks related to fluctuations in market price, settlement and liquidity risks.
- To the extent the underlying debt and equity schemes invest in derivative instruments, Interest Rate Futures, securitized debt, the Scheme will be exposed to the higher risks, associated with such instruments.
- To the extent the underlying debt and equity schemes invest in overseas financial assets, there may be risk associated with currency movements, restriction on repatriation, transaction procedures in overseas markets as well as country related risk.
- A Fund Manager managing any one of the Fund of Funds schemes may also be the Fund Manager for any underlying schemes.

The underlying schemes having exposure to the fixed income securities and/ or equity and equity related securities and/or Gold ETF will be subject to the following risks and in turn the Scheme's/ Plan's performance will be affected accordingly.

(a) Risks associated with investing in Equities

Equity and Equity related instruments on account of its volatile nature are subject to price fluctuations on daily basis. The volatility in the value of the equity and equity related instruments is due to various micro and macro-economic factors affecting the securities markets.

This may have adverse impact on individual securities /sector and consequently on the NAV of Scheme.

The inability of the Scheme to make intended securities purchases due to settlement problems, could cause the Scheme to miss certain investment opportunities as in certain cases, settlement periods may be extended significantly by unforeseen circumstances. Similarly, the inability to sell securities held in the schemes portfolio may result, at times, in potential losses to the scheme, should there be a subsequent decline in the value of the securities held in the schemes portfolio.

Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments. This may impact the ability of the unit holders to redeem their units. In view of this, the Trustee has the right, in its sole discretion to limit redemptions (including suspending redemptions) under certain circumstances.

The Scheme may find itself invested in unlisted securities due to external events or corporate actions. This may increase the risk of the portfolio as these unlisted securities are inherently illiquid in nature and carry larger liquidity risk as compared to the listed securities or those that offer other exit options to the investors.

Investments in equity and equity related securities involve high degree of risks and investors should not invest in the Scheme unless they can afford to take the risk of losing their investment.

(b) Risks associated with investing in Bonds and Money Market Instruments

Investment in Debt is subject to price, credit, and interest rate risk. The NAV of the Scheme may be affected, inter alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures.

Corporate debt securities are subject to the risk of an issuer's inability to meet interest and principal payments on its debt obligations (credit risk). Debt securities may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of the creditworthiness of the issuer, among others (market risk). The Investment Manager will endeavor to manage credit risk through in-house credit analysis. The Scheme may also use various hedging products from time to time, as are available and permitted by SEBI, to attempt to reduce the impact of undue market volatility on the Scheme's portfolio.

The NAV of the Scheme's Units, to the extent that the Scheme is invested in fixed income securities, will be affected by changes in the general level of interest rates. When interest rates decline, the value of a portfolio of fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income securities can be expected to decline Investing in Bonds and Fixed Income securities are subject to the risk of an Issuer's inability to meet principal and interest payments obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk).

The timing of transactions in debt obligations, which will often depend on the timing of the Purchases and Redemptions in the Scheme, may result in capital appreciation or depreciation because the value of debt obligations generally varies inversely with the prevailing interest rates.

Interest Rate Risk: As with all debt securities, changes in interest rates will affect the Scheme's Net Asset Value as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of longer-term securities generally fluctuate more in response to interest rate changes than do shorter-term securities. Interest rate movements in the Indian debt markets can be volatile leading to the possibility of large price movements up or down in debt and money market securities and thereby to possibly large movements in the NAV.

Credit Risk: Credit risk or default risk refers to the risk which may arise due to default on the part of the issuer of the fixed income security (i.e. will be unable to make timely principal and interest payments on the security). Because of this risk debentures are sold at a yield spread above those offered on Treasury securities, which are sovereign obligations and generally considered to be free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the actual changes in the perceived level of credit risk as well as the actual event of default.

Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme or from maturities in the Scheme are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk refers to the fall in the rate for reinvestment of interim cash flows.

Risks associated with various types of securities

	Credit Risk	**Liquidity Risk**	**Price Risk**
Listed	Depends on credit quality	Relatively Low	Depends on duration of instrument
Unlisted	Depends on credit quality	Relatively High	Depends on duration of instrument
Secured	Relatively low	Relatively Low	Depends on duration of instrument
Unsecured	Relatively high	Relatively High	Depends on duration of instrument
Rated	Relatively low and depends on the rating	Relatively Low	Depends on duration of instrument
Unrated	Relatively high	Relatively High	Depends on duration of instrument

Different types of securities in which the scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly, the scheme's risk may increase or decrease depending upon its investment pattern e.g. corporate bonds, carry a higher level of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.

(c) Risk associated with investments in Nippon India ETF Gold BeES

Market Risk

Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved. The NAV of the Scheme will react to the prices of gold, Gold Related Instruments and stock market movements. The Unit holder could lose money over short periods due to fluctuation in the NAV of the Scheme in response to factors such as economic and political developments, changes in interest rates and perceived trends in stock prices market movements, and over longer periods during market downturns.

Additionally, the prices of gold may be affected by several factors such as global gold supply and demand, investors' expectations with respect to the rate of inflation, currency exchange rates, interest rates, etc. Crises may motivate large-scale sales of gold, which could decrease the domestic price of gold.

Some of the key factors affecting gold prices are as follows:

Central banks' sale: Central banks across the world hold a part of their reserves in gold. The quantum of their sale in the market is one of the major determinants of gold prices. A higher supply than anticipated would lead to subdued gold prices and vice versa. Central banks buy gold to augment their existing reserves and to diversify from other asset classes. This acts as a support factor for gold prices.

Producer mining interest: Bringing new mines on-line is a time consuming and at times economically prohibitive process that adds years onto potential supply increases from mining production. On the other hand, lower production has a positive effect on gold prices. Conversely excessive production capacities would lead to a downward movement in gold prices as the supply goes up.

Macro-economic factors: A weakening dollar, high inflation, the massive US trade deficits all act in favor of gold prices. The global trend of rising interest rates also had a positive impact on gold prices. Gold being regarded as a physical asset would lose its luster in a deflationary environment as gold is used effectively as an inflation hedge.

Geo political issues: any uncertainty on the political front or any war-like situation always acts as a booster to gold prices. The prices start building up war premiums and hence such movements. Stable situations would typically mean stable gold prices.

Seasonal demand: Since the demand for Gold in India is closely tied to the production of jewellery pieces tend to increase during the times of year when the demand for jewellery is the greatest, the demand for metals tends to be strong a few months ahead of these festive seasons, especially Dussera, Diwali, Akshaya Trithya festival and summer wedding season in in India. Christmas, Mothers Day, Valentine's Day, are also major festive and shopping for Gold.

Change in duties & levies: The gold held by the Custodian of Nippon India ETF Gold BeES may be subject to loss, damage, theft or restriction of access due to natural event or human actions. The Trustees may not have adequate sources of recovery if its gold is lost, damaged, stolen or destroyed and recovery may be limited, even in the event of fraud, to the market value of gold at the time the fraud is discovered.

The custodian will maintain adequate insurance for its bullion and custody business. The liability of the Custodian is limited under the agreement between the AMC and the Custodian which establish the Mutual Fund's custody arrangements, or the custody agreements.

Tracking Error Risk:

Given the structure of Nippon India ETF Gold BeES, the AMC expects the tracking error to be lower. The AMC will endeavour to keep the tracking error as low as possible. Under normal circumstances, such tracking errors are not expected to exceed 2% per annum. However this may vary when the markets are very volatile.

Lack of Market Liquidity

Trading in Nippon India ETF Gold BeES on the Exchange may be halted because of market conditions or for reasons that in the view of the market authorities or SEBI, trading in Nippon India ETF Gold BeES is not advisable. In addition, trading in Nippon India ETF Gold BeES is subject to trading halts caused by extraordinary market volatility and pursuant to Stock Exchange(s) and SEBI ''circuit filter'' rules. There can be no assurance that the requirements of the market necessary to maintain the listing of Nippon India ETF Gold BeES will continue to be met or will remain unchanged. Nippon India ETF Gold BeES may suffer liquidity risk from domestic as well as international market.

(d) Market Trading Risks

Liquidity or Marketability Risk: This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market.

(e) Other Scheme Specific Risk factors

a) The liquidity of the Scheme's investments may be inherently restricted by trading volumes, settlement periods and transfer procedures. In the event of an inordinately large number of redemption requests, or of a re-structuring of the Scheme's investment portfolio, these periods may become significant. Please read the Sections of this Scheme Information Document entitled "Special Considerations" and "Right to Limit Redemptions" there under.

b) Although, the objective of the Fund is to generate optimal returns, the objective may or may not be achieved. The investors may note that if the AMC/Investment Manager is not able to make right decision regarding the timing of increasing exposure in debt securities in times of falling equity market, it may result in negative returns. Given the nature of scheme, the portfolio turnover ratio may be on the higher side commensurate with the investment decisions and Asset Allocation of the Scheme. At times, such churning of portfolio may lead to losses due to subsequent negative or unfavorable market movements.

c) The tax benefits available under the scheme are as available under the present taxation laws and are available only to certain specified categories of investors and that is subject to fulfillment of the relevant conditions. The information given is included for general purposes only and is based on advise that the AMC has received regarding the law and the practice that is currently in force in India and the investors and the Unitholders should be aware that the relevant fiscal rules and 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 investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor/Unitholder is advised to consult his/her own professional tax advisor.

d) Subject to the Regulations, the investments may be in securities which are listed or unlisted, secured or unsecured, rated or unrated, and acquired through secondary market purchases, RBI auctions, open market sales conducted by RBI etc., Initial Public Offers (IPOs), other public offers, placements, rights, offers, negotiated deals, etc

e) The NAV of the scheme to the extent invested in Debt and Money market securities are likely to be affected by changes in the prevailing rates of interest and are likely to affect the value of the Scheme's holdings and thus the value of the Scheme's Units.

f) The AMC may, considering the overall level of risk of the portfolio, invest in lower rated/ unrated securities offering higher yields. This may increase the risk of the portfolio.

g) While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold

(f) Risks associated with segregated portfolio

Liquidity risk

1. Investor holding units of segregated portfolio may not able to liquidate their holding till the time recovery of money from the issuer.
2. Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV.

Credit risk

3. Security comprises of segregated portfolio may not realise any value.

(g) Risk factors associated with investments done in instruments by the underlying schemes

1. Risks associated with investing in foreign Securities

The Fund may invest in overseas debt / equities / ADR's / GDR's with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The scheme's NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers.

2. Risk associated with investing in Derivatives

a. Valuation Risk

The risk in valuing the Debt & Equity derivative products due to inadequate trading data with good volumes. Derivatives with longer duration would have higher risk viz a viz the shorter duration derivatives.

b. Mark to Market Risk

The day-to-day potential for an investor to experience losses from fluctuations in underlying stock prices and derivatives prices.

c. Systematic Risk

The risk inherent in the capital market due to macro economic factors like Inflation, GDP, Global events.

d. Liquidity Risk

The risk stemming from the lack of availability of derivatives products across different maturities and with different risk appetite.

e. Implied Volatility

The estimated volatility of an underlying security's price and derivatives price.

f. Interest Rate Risk

The risk stemming from the movement of Interest rates in adverse direction. As with all the debt securities, changes in the interest rates will affect the valuation of the portfolios.

g. Counterparty Risk (Default Risk)

Default risk is the risk that losses will be incurred due to the default by the counterparty for over the counter derivatives.

h. System Risk

The risk arising due to failure of operational processes followed by the exchanges and OTC participants for the derivatives trading.

Risk attached with the use of derivatives

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. NAM India may use various derivative products, from time to time, for purposes of hedging and portfolio rebalancing in an attempt to protect the value of the portfolio and enhance Unit holder's interest of the Scheme. As and when the schemes trade in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value. Also, the market for derivative instruments is nascent in India.

3. Risk Associated with Securitised Debt

The Scheme may invest in Securitised debt.

As with any other debt instrument, the following risk factors have to be taken into consideration while investing in PTCs:

a. Credit Risk

Since most of the PTCs are drawn from a cherry picked pool of underlying assets, the risk of delay / default due to poor credit quality is low. Furthermore most of the PTCs enjoy additional cashflow coverage in terms of subordination by another lower class of PTCs or in terms of excess cash collateralization.

b. Liquidity Risk

Historically the secondary market volume of securitised papers has been limited. This could limit the ability of the fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.

c. Price Risk / Interest Rate Risk

The price risk of these instruments shall be in line with the maturity / duration of such instruments. However given the fact that these instruments will have a maturity profile upto 2 years, the duration risk is relatively less.

Domestic Securitised debt can have different underlying assets and these assets have different risk characteristics. These may be as given in the following example:

Security 1 -Backed by receivables of personal loans originated by XYZ Bank

Security 2 - Senior Series Pass Through Certificates backed by commercial vehicles and two-wheeler loan and loan receivables from ABC Bank Limited.

Specific Risk Factors: Loss due to default and/or payment delay on Receivables, Premature Termination of Facility Agreements, Limited loss cover, Delinquency and Credit Risk, Limited Liquidity and Price Risk, Originator/Collection Agent Risk, Bankruptcy of the Originator, Co-mingling of funds

4. Risk associated with Short Selling & Securities Lending

The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure to comply can result in the possible loss of rights in 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.

Short-selling is the sale of shares that the seller does not own at the time of trading. Instead, he borrows it from someone who already owns it. Later, the short seller buys back the stock he shorted and returns the stock to close out the loan. If the price of the stock has fallen, he can buy the stock back for less than he received for selling it and profits from it (the difference between higher short sale price and the lower purchase price). However, Short positions carry the risk of losing money and these losses may grow theoretically unlimited if the price increases without limit and shall result into major losses in the portfolio.

5. **Risk factors associated with repo transactions in Corporate Bonds**

In Repo transactions, also known as a repo or sale repurchase agreement, securities are sold with the seller agreeing to buy them back at later date. The repurchase price should be greater than the original sale price, the difference effectively representing interest. A repo is economically similar to a secured loan, with the buyer receiving corporate debt securities as collateral to protect against default. The Scheme may invest in repo of corporate debt securities which are subject to the following risks:

a. Counterparty Risk: This refers to the inability of the seller to meet the obligation to buy back securities at the contracted price. The Investment Manager will endeavor to manage counterparty risk by dealing only with counterparties having strong credit profiles assessed through in-house credit analysis or with entities regulated by SEBI/RBI/IRDA.

b. Collateral Risk: In the event of default by the repo counterparty, the schemes have recourse to the corporate debt securities. Collateral risk arises when the market value of the securities is inadequate to meet the repo obligations. This risk is mitigated by restricting participation in repo transactions only in AA and above rated money market and corporate debt securities. In addition, appropriate haircuts are applied on the market value of the underlying securities to adjust for the illiquidity and interest rate risk on the underlying instrument.

6. **Risk Factors Associated with Investments in REITs and InvITS**

- Market Risk: REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence, but actual market movements may be at variance with the anticipated trends.
- Liquidity Risk: As the liquidity of the investments made by the Scheme(s) could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk.
- Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or IDCW pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns.
- Regulatory/Legal Risk: REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law.

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

7. **Risks associated with investing in Tri Party Repo through CCIL (TREPS):**

The mutual fund is a member of securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments.

CCIL maintains prefunded resources in all the clearing segments to cover potential losses arising from the default member. In the event of a clearing member failing to honour his settlement obligations, the default Fund is utilized to complete the settlement. The sequence in which the above resources are used is known as the "Default Waterfall".

As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members.

Thus the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member).

However, it may be noted that a member shall have the right to submit resignation from the membership of the Security segment if it has taken a loss through replenishment of its contribution to the default fund for the segments and a loss threshold as notified have been reached. The maximum contribution of a member towards replenishment of its contribution to the default fund in the 7 days (30 days in case of securities segment) period immediately after the afore-mentioned loss threshold having been reached shall not exceed 5 times of its contribution to the Default Fund based on the last re-computation of the Default Fund or specified amount, whichever is lower.

Further, it may be noted that, CCIL periodically prescribes a list of securities eligible for contributions as collateral by members. Presently, all Central Government securities and Treasury bills are accepted as collateral by CCIL. The risk factors may undergo change in case the CCIL notifies securities other than Government of India securities as eligible for contribution as collateral

8. **Risk associated with Imperfect Hedging using Interest Rate Futures**

1) **Basis Risk:**

Each security would be hedged with an Interest rate future. Hypothetically creating an imperfect hedge, IGB 7.17% 2028 on which we are long, and short on an (interest rate future) IRF 6.79% 2027 for which the underlying is 10 year bond, if the spot yields are 7% and future yield is 7.3% the basis would be of 0.3%. There is an inherent risk of this basis (spread) narrowing, widening or remaining stable/flat.

Spread widening means that the spot becomes 6.9% and future becomes 7.25% - the basis increases in total by 0.5% and new basis is 0.35%. Due to this there would be a profit of 5bps on the IGB 8.15% 2026 long bond and there would be a loss of 5bps on IRF short future position. This would result in an overall profit as the price of a bond would increase more compared to the increase in the price of IRF due to the duration and convexity effect.

Spread narrowing means that the spot becomes 7.2% and future becomes 7.35% - the basis decreases in total by 0.15% and the new basis is 0.15%. This would result in a loss as the price of IGB 8.15% 2026 bond would decrease more compared to the decrease in the price of IRF due to the duration and convexity effect.

Spread remaining flat or stable means that the spread does not move or is a negligible change in the basis i.e. in our example is of 0.3%.

2) **Mispricing Risk, or improper valuation:**

Market circumstances may necessitate unwinding the derivative positions at sub-optimal prices during periods of market dislocation triggered by contagion or turmoil e.g. if the expected upward trajectory of yields reverses course and begins to spiral downward, most participants with short Interest Rate Futures positions are likely to seek an unwinding, leading to a potential amplification in the adverse price movement, and impact there from.

3) **Liquidity Risk:**

This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market.

4) **Correlation weakening, and consequent risk of regulatory breach:**

SEBI regulation mandates minimum correlation criteria of 0.9 (calculated on a 90 day basis) between the portfolio being hedged and the derivative serving as the hedge; in cases where this limit is breached (i.e. when the 90-day correlation falls below 0.9), a rebalancing period of 5 working days has been permitted. Inability to satisfy this requirement within the stipulated period due to difficulties in re-balancing 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; leverage is not permitted as per SEBI guidelines.

Numerical Example Explaining Imperfect Hedging with Investments in IRF's

Perfect hedging:

Spot price of Govt. security (6.79% 2027) = 94.42, Yield – 7.68%

Price of IRF - November Contract (expiry on November 23, 2017) = Rs 94.45

On November 5, 2017, the fund bought Rs 100 crores worth of government security from the spot market at Rs 94.42. Subsequently, it is anticipated that yields may rise in the near future. Thus, to hedge the underlying position taken, the fund sells November 2017 IRF 6.79% 2027. The price of the Futures contract is Rs 94.45.

On November 11, 2017, assuming due to increase in yields:

Spot price of the security (6.79% 2027) = 94.00

Price of IRF - November Contract (expiry on 23-November-2017) = 94.03

Thus, due to hedging the portfolio:

Loss in the underlying security: (94.00 – 94.42) * 100 crores = (0.42 crores)

Profit in the futures market: (94.45 – 94.03) *100 crores = 0.42 crores.

Thus due to the effective use of Interest Rate Futures, the notional loss in the underlying security is getting offset by the IRF future position.

Imperfect hedging:

DP = Duration of the portfolio (measure of the interest rate sensitivity of the portfolio) = 7

DF =Duration of the underlying security of the futures contract = 6

P = Portfolio's market value = 100 crores

Y = underlying interest rate or portfolio yield = 8.00%

The portfolio can be a mix of:

1) Corporate Bonds and Government securities
2) Only Corporate Bonds (i.e. no Government securities)

Subsequently, if it is anticipated that yields may rise in the future, the fund manager can hedge the underlying duration risk in the IRF by selling the futures contract.

Imperfect hedge allowed as per the SEBI limit = 20% of the Net asset of the portfolio

Assuming the interest rates rise by 50 bps point, post the imperfect hedging

Change in the market value of the portfolio = (P*DP*Change in interest rate) = 100 crores * 7 * (0.50%) = (3.50 crores)

Duration risk managed due to hedge in IRF = % of portfolio hedged *P * DF * Change in the interest rates = 20% * 100 * 6 * (0.50%) = 0.60 crores

Thus net change in the market value of the portfolio = Rs 100 – Rs 3.50 + Rs 0.60 = Rs 97.10

As can be seen from the above, in case yields move higher by 50 bps, there is a loss in the portfolio for Rs 3.5 crores, but due to the active hedging, IRFs position helps in reducing the loss in the portfolio by 0.60 crores.

Risk Profile of the scheme:

Since investing requires disciplined risk management, the AMC would ensure adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that diversification would help achieve the desired level of consistency in returns.

The AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, rigorous in-depth credit evaluation of the securities proposed to be invested in will be carried out by the investment team of the AMC

C. Risk mitigation strategies

Type of Risks	Measures/ Strategies to control risks
Units of mutual fund schemes	Mutual Fund portfolios are generally well diversified and typically endeavor to provide liquidly on a T+1/T+2 basis and aim to mitigate any risks arising out of underlying investments. Commodity ETF's are quite liquid as they can either be created / redeemed with the fund house or traded on the exchange
Equity Markets/ Equity Oriented Instruments	• Investment strategy: The fund will comply with the prescribed SEBI limits on exposure. Risk is monitored and necessary action would be taken on the portfolio, if required. Attribution analysis is done to monitor the under or over performance vis a vis the benchmark and the reasons for the same. • Portfolio volatility & concentration: The overall volatility of the portfolio would be maintained in line with the objective of the scheme Volatility would be monitored with respect to the benchmark and peer set. • Liquidity: The scheme predominantly invests across market capitalisations which are actively traded and thereby liquid. The fund manager may also keep some portion of the portfolio in debt and money market instruments and/or cash within the specified asset allocation framework for the purpose of meeting redemptions. The liquidity would be monitored and necessary action would be taken on the portfolio if required. Stock turnover is monitored at regular intervals. The debt/money market instruments that are invested by the fund will have a short term duration.
Debt and Money Market instruments	• Credit Risk: Management analysis will be used for identifying company specific risks. Management's past track record will also be studied. In order to assess financial risk a detailed assessment of the issuer's financial statements will be undertaken. • Price-Risk or Interest-Rate Risk: The Scheme may primarily invest the debt portion of the portfolio in short term debt & money market instruments, units of Liquid and Overnight schemes thereby mitigating the price volatility due to interest rate changes generally associated with long-term securities. • Risk of Rating Migration: The Scheme may primarily invest the debt portion of the portfolio in short-term debt & money market instruments, units of Liquid and Overnight schemes thereby mitigating the risk of rating migration generally associated with long-term securities. • Basis Risk: The debt allocation of scheme is primarily as a cash management strategy and such strategy returns are expected to reflect the very short term interest rate hence investment is done in short term debt and money market instruments. • Spread Risk: The Scheme may primarily invest the debt portion of the portfolio in short-term debt & money market instruments, units of Liquid and Overnight schemes thereby mitigating the risk of spread expansion which is generally associated with long-term securities • Reinvestment Risk: The debt allocation of scheme is primarily as a cash management strategy and such strategy returns are expected to reflect the very short term interest rate hence investment is done in short term debt and money market instruments. Reinvestment risks will be limited to the extent of debt instruments, which will be a very small portion of the overall portfolio value. • Liquidity Risk: The Scheme may, however, endeavor to minimize liquidity risk by primarily investing the debt portion of the portfolio in relatively liquid short-term debt & money market instruments, units of Liquid and Overnight schemes.
Liquidity risk: Inability to buy / sell appropriate quantity of the Gold ETF	The scheme can buy/sell the units of the underlying scheme in Creation Unit Size by way of cash. Investments could be made in units of the Gold ETF either directly through the underlying scheme in creation unit size or through the secondary market via stock exchange route. The facility to buy directly through underlying scheme in creation unit size would provide the Gold ETF an additional source to purchase the units in addition to the stock exchange route. For small amounts of inflows/outflows which are less than the creation size of the Gold ETF, the scheme will buy/sell the Gold ETF units directly on the stock exchange without waiting for additional subscription redemption.
Event risk/Custody Risk: Risk of loss, damage, theft, impurity etc. of Gold	There is a risk that part or all of the physical Gold belonging to the underlying scheme could be lost, damaged or stolen. In order to ensure safety, the said Gold is stored by the underlying scheme with custodian in its vaults. Gold held by custodian is also insured. The custodian will insure/cover all such risks.

While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks will be completely eliminated.

The measures mentioned above are based on current market conditions and may change from time to time based on changes in such conditions, regulatory changes, and other relevant factors. Accordingly, our investment strategy, risk mitigation measures and other information contained herein may change.in response to the same.

II. Information about the scheme:

A. Where will the scheme invest –

For Detailed description of the instruments (including overview of debt markets in India), please refer to Section I - Part II – B

B. What are the investment restrictions?

1. The scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the Act. Such investment limit may be extended to 12% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company:

   Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and Tri-party Repo on government securities or T-bills: Provided further that investment within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with the Board:

   Provided further that the schemes already in existence shall within an appropriate time and in the manner, as may be specified by the Board, conform to such limits

   As per Clause 12.8.3 of SEBI Master circular dated June 27, 2024, the scheme shall not invest more than:

   a. 10% of its NAV in debt and money market securities rated AAA; or

   b. 8% of its NAV in debt and money market securities rated AA; or

   c. 6% of its NAV in debt and money market securities rated A and below issued by a single issuer.

   The above investment limits may be extended by up to 2% of the NAV of the scheme with prior approval of the Board of Trustees and Board of Directors of the AMC, subject to compliance with the overall 12% limit specified in clause 1 of Seventh Schedule of MF Regulation

2. Mutual Funds/AMCs shall ensure that total exposure of debt schemes of mutual funds in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme.

   Such investment limit may be extended to 25% of the net assets of the scheme with the prior approval of the Board of Trustees.

3. Investment in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. by mutual fund schemes shall be subject to the following:

   a. Investments should only be made in such instruments, including bills re-discounting, usance bills, etc., that are generally not rated and for which separate investment norms or limits are not provided in SEBI (Mutual Fund) Regulations, 1996 and various circulars issued thereunder.

   b. Exposure of mutual fund schemes in such instruments, shall not exceed 5% of the net assets of the schemes.

   c. All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.

   d. The existing investments of mutual fund schemes in such instruments in excess of the aforesaid limit of 5% may be grandfathered till maturity date (as stands as on the date of this circular) of such instruments..

4. The Mutual Fund under all its schemes taken together will not own more than 10% of any companies paid up capital carrying voting rights.

5. Transfers of investments from one scheme to another scheme in the Mutual Fund shall be allowed only if:

   i. Such transfers are done at the prevailing market price for quoted instruments on spot basis;

   ii. The securities so transferred shall be in conformity with the investment objectives & policies of the Scheme to which such transfer has been made.

   Such transfer would be in accordance with the Clause 12.30 of SEBI Master Circular dated June 27, 2024 or any other circular issued by SEBI from time to time.

6. The Scheme may invest in another scheme under the same asset management company or in any other mutual fund without charging any fees, provided the aggregate inter scheme investments made by all Schemes under the same management company or in schemes under the management of any other AMC shall not exceed 5% of NAV of the Mutual Fund. [Provided that this clause shall not apply to any fund of funds scheme.]

7. The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities and shall in no case put itself in a position whereby it has to make short sale or carry forward transactions or engage in badla finance:

Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

8. The Fund shall get the securities purchased or transferred in the name of the Fund on account of the concerned scheme, wherever investments are intended to be of a long-term nature.

9. The fund's schemes shall not make any investment in:

   i. Any unlisted security of an associate or group company of the sponsor

   ii. Any security issued by way of private placement by an associate or group company of the sponsor

   iii. As per SEBI Circular No. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2024/098 dated July 08, 2024, no Mutual Fund scheme shall make any investment in the listed securities of group companies of the sponsor which is in excess of 25 per cent of the net assets of the scheme, except for investments by equity oriented exchange traded funds (ETFs)and Index Funds and subject to such conditions as may be specified by SEBI. Accordingly, it has been decided as under:

      - Equity oriented ETFs and Index Funds, based on widely tracked and non-bespoke indices, can make investments in accordance with the weightage of the constituents of the underlying index. However, such investments shall be subject to an overall cap of 35% of net asset value of the scheme, in the group companies of the sponsor.

      - Widely tracked and non-bespoke indices shall be indices that are tracked by passive funds or act as primary benchmark for actively managed funds with collective Assets under Management (AUM) of INR 20,000 Cr. and above.

10. The scheme being the fund of fund scheme, it shall be subject to following investment restrictions:

    a. The scheme shall not invest in any other fund of fund scheme.

    b. The scheme shall not invest its assets other than in schemes of mutual funds, except to the extent of funds required for meeting the liquidity requirements for the purpose of repurchases or redemptions, as disclosed in the Scheme Information Document of fund of fund scheme.

11. Pending deployment of funds of the scheme in securities in terms of the investment objectives and policies of the scheme, the Mutual Fund can invest the fund of the scheme in short term deposits of scheduled commercial banks subject to the guidelines as applicable from time to time.

    Pursuant to the Clause 12.16 of SEBI Master Circular dated June 27, 2024, where the cash in the scheme is parked in short term deposits of Scheduled Commercial Banks pending deployment, the scheme shall abide by the following guidelines:

    - "Short Term" for parking of funds shall be treated as a period not exceeding 91 days.
    - Such short-term deposits shall be held in the name of the Scheme.
    - The scheme shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustee.
    - Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
    - The scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
    - The scheme shall not park funds in short term deposit of a bank, which has invested in the Scheme

12. No term loans for any purpose will be advanced by the Scheme.

13. In case any company has invested more than 5% 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, if any, shall be brought to the notice of the Trustees by NAM India and be disclosed in the half-yearly and annual accounts with justification for such investment provided that the latter investment has been made within one year of the date of the former investment calculated on either side.

14. The Scheme will comply with any other regulations applicable to the investments of mutual funds from time to time.

15. Total exposure of the scheme in a particular sector (excluding investments in Bank CDs, Tri-party Repo on government securities or T-bills, G-Secs, T-Bills and AAA rated securities issued by Public Financial Institutions and Public Sector Banks and such other instruments if any, as may be specified by SEBI from time to time) shall not exceed 20% or such other percentage of the net assets of the scheme, as prescribed by SEBI from time to time.

    An additional exposure to financial services sector (over and above the limit of 20%) not exceeding 10% of the net assets of the scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) rated AA and above and registered with National Housing Bank (NHB). Further, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio.

    However, such total investment/ exposure in HFCs shall not exceed 20% of the net assets of the scheme or such other percentage of the net assets of the scheme, as prescribed by SEBI from time to time.

    Note: The sector classification shall be basis the data provided by Association of Mutual Fund in India

16. The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase / Redemption of Units or payment of interest and IDCW to the Unitholders.

Provided that the Fund shall not borrow more than 20% of the net assets of any individual Scheme and the duration of the borrowing shall not exceed a period of 6 months.

In case of borrowing through repo transactions the tenor of such transaction shall not exceed a period of six months.

17. Gross investments in securities under the Scheme which include equity, debt and gold schemes of Nippon India Mutual Fund, debt Instruments & money market instruments of India will not exceed 100% of the net assets of the Scheme.

These investment limitations / parameters as expressed / linked to the net asset / net asset value / capital, shall in the ordinary course, apply as at the date of the most recent transaction or commitment to invest. Changes do not have to be effected merely because of appreciation or depreciation in value or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any scheme of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, AMC shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the Unit holders.

The Trustee Company / AMC may alter these above stated limitations from time to time, and also to the extent the Regulations change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments in order to achieve its investment objectives & policies.

As such, all investments of the Scheme will be made in accordance with the Regulations, including Schedule VII thereof and the Fundamental Attributes of this Scheme.

At NIMF, to ensure robust risk management and adequate portfolio diversification internal Investment policy for various debt schemes has been framed. The investment policy at NIMF specifies limits both on overall basis (across all schemes) as well as on individual scheme level.

Guidelines for following parameters for liquid as well as non liquid schemes have been specified in the policy:

1. Eligible Instruments: Defines the eligible instruments where the scheme can invest
2. Minimum Liquidity: Defines the instruments considered as liquid instruments and the minimum investments in these instruments as a percentage of total net assets
3. Maximum Illiquid component: Defines the instruments considered as illiquid and the maximum investment that can be made in these instruments as a percentage of net assets.
4. Rating: Defines minimum and/ or maximum investment in a particular rating as a percentage of total portfolios.
5. Maturity: Defined the weighted average maturity of a portfolio. Also defines the weighted average maturity, maximum and maturity for certain asset types like corporate bond, PTCs, Gilts etc.

Investment by the AMC in the Scheme: In line with SEBI Regulations and circulars issued by SEBI from time to time, the AMC may invest its own funds in the scheme(s). Further, the AMC shall not charge any fees on its investment in the Scheme (s), unless allowed to do so under SEBI Regulations in the future.

C. Fundamental Attributes

Following are the Fundamental Attributes of the scheme, in terms of Clause 1.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024:

(i) Type of a scheme - An open ended fund of funds scheme investing in equity oriented schemes, debt oriented schemes and gold ETF, units of ETF's/Index Funds of Nippon India Mutual Fund or any other Mutual Fund(s).

(ii) Investment Objective

- **Main Objective:-** The primary investment objective of the Scheme is to seek long term capital growth by investing in units of equity oriented schemes, debt oriented schemes, gold ETF, units of ETFs/Index Funds of Nippon India Mutual Fund or any other Mutual Fund(s). There is no assurance that the investment objective of the Scheme will be achieved
- **Investment pattern:-** For Detailed description, please refer to Section I - Part II – B (HOW WILL THE SCHEME ALLOCATE ITS ASSETS?)

(iii) Terms of Issue

- **Liquidity provisions such as repurchase/redemption of units**

  Being an open-ended scheme, the units are not proposed to be listed on any stock exchange. However, the Trustee reserves the right to list the units as and when open-end Schemes are permitted to be listed under the Regulations, and if the Trustee considers it necessary in the interest of unitholders of the Scheme.

  The units of the Scheme shall be available for ongoing sale / subscription / repurchase / redemption within five business days of allotment. The repurchase/ redemption proceeds will be transferred within 3 working days from the date of receipt of valid requests for repurchase/redemption. The AMC will pay interest @15% per annum for the period of delay in the event of failure to initiate the redemption or repurchase proceeds within 3 working days

- **Aggregate fees and expenses charged to the scheme.**

  i) New Fund Offer (NFO) Expenses : Refer to Section I - Part-III - B

  ii) Annual Scheme Recurring Expenses : Refer to Section I - Part-III - C

- **Any safety net or guarantee provided. – Not Applicable**

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, and Clause 1.14.1.4 of SEBI Master Circular for Mutual Funds dated June 27, 2024,the trustees shall ensure that no change in the fundamental attributes of the Scheme, the fee and expenses payable or any other change which would modify the Scheme and affect the interests of Unitholders is carried out by the AMC, unless it complies with sub-regulation (26) of Regulation 25 of the SEBI (MF) Regulations.

Further, in accordance with Regulation 25 (26) of the SEBI (MF) Regulations, the AMC shall ensure that no change in the fundamental attributes of the Scheme or the trust or fee and expenses payable or any other change which would modify the Scheme and affect the interests of Unitholders shall be carried out unless:

(i) A written communication about the proposed change is sent to each Unitholder and an advertisement is issued 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 Mutual Fund is situated; and

(ii) The Unitholders are given an option for a period of atleast 30 calendar days to exit at the prevailing Net Asset Value without any exit load.

In addition to the above, for bringing change in the fundamental attributes of the scheme, the comments shall be taken from SEBI before bringing such change(s).

D. Index methodology (for index funds, ETFs and FOFs having one underlying domestic ETF)- Not Applicable

E. Principles of incentive structure for market makers (for ETFs)- Not Applicable.

F. Floors and ceiling within a range of 5% of the intended allocation against each sub class of asset, as per clause 13.6.2 of SEBI master circular for mutual funds dated June 27, 2024 (only for close ended debt schemes)- Not Applicable.

G. Other Scheme Specific Disclosures:

Listing and transfer of units	**Listing:-** Being an open-ended scheme, the units are not proposed to be listed on any stock exchange. However, the Trustee reserves the right to list the units as and when open-end Schemes are permitted to be listed under the Regulations, and if the Trustee considers it necessary in the interest of unitholders of the Scheme. **Transfer of units:-** If a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death, insolvency etc., the transferee's name will be recorded by the Fund subject to production of satisfactory evidence. **Demat Mode:** Units held in Demat form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. Transfer can be made only in favor of transferees who are eligible of holding units and having a Demat Account. The delivery instructions for transfer of units will have to be lodged with the DP in 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 mode. **Non-Demat (Statement of Account) mode:** In compliance to the AMFI Best Practices Guidelines Circular No.116/ 2024-25 dated August 14, 2024 it has been decided to introduce the facility for transfer of units held in SOA (Statement of Account) mode shall be made available for all schemes of NIMF, except ETFs w.e.f. November 14, 2024. It is proposed to provide the facility to individual unitholders falling under the following three categories: (i) Surviving joint unitholder, who wants to add new joint holder(s) in the folio upon demise of one or more joint unitholder(s). (ii) A nominee of a deceased unitholder, who wants to transfer the units to the legal heirs of the deceased unitholder, post the transmission of units in the name of the nominee. (iii) A minor unitholder who has turned a major and has changed his/her status from minor to major, wants to add the name of the parent / guardian, sibling, spouse etc. in the folio as joint holder(s). Partial transfer of units held in a folio shall be allowed. If the request for transfer of units is lodged on the record date, the IDCW payout/ reinvestment shall be made to the transferor. To mitigate the risk, redemption under the transferred units shall not be allowed for 10 days from the date of transfer. **Mode of submitting / accepting the Transfer Request:** The facility for transfer of units held in SoA mode shall be available only through online mode via the transaction portals of the RTAs and the MF Central, i.e., the transfer of

	units held in SoA mode shall not be allowed through physical/ paper based mode or via the stock exchange platforms, MFU, channel partners and EOPs etc. **Pre-requisites:** • The surviving unit holder /nominee/minor unitholder who has turned major, 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 be an individual / individual(s) with a valid folio in the mutual fund in which the transferor wishes to transfer the units. Transferee should be eligible to hold the Units as per the respective SID and fulfil any other regulatory requirement as may be applicable. • 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:** 1. The Stamp duty for transfer of units, if/where applicable, shall be payable by the transferor. 2. For 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). 3. 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. For further details and processes, please refer to the below link: https://mf.nipponindiaim.com/investor-service/process-for-transfer-of-units-held-in-non-demat-mode
Dematerialization of units	**PHYSICAL:** The Unit holders are given an Option to hold the units by way of an Account Statement (Physical form) or in Dematerialized ('Demat') form. Mode of holding shall be clearly specified in the KIM cum application form. **DEMAT:** Unit holders opting to hold the units in demat form must provide their Demat Account details in the specified section of the application form. The Unit holder intending to hold the units in Demat form are required to have a beneficiary account with the Depository Participant (DP) (registered with NSDL / CDSL as may be indicated by the Fund at the time of launch of the Plan) and will be required to indicate in the application the DP's name, DP ID Number and the beneficiary account number of the applicant with the DP. In case of subscription is through SIP the units will be allotted based as per the SID and will be credited to investors Demat account as per applicable timelines. This Option shall be available in accordance with the provision laid down in the respective schemes and in terms of guidelines/ procedural requirements as laid by the Depositories (NSDL/CDSL) / Stock Exchanges (NSE / BSE) from time to time. In case, the Unit holder desires to hold the Units in a Dematerialized /Rematerialized form at a later date, the request for conversion of units held in non-demat form into Demat (electronic) form or vice-versa should be submitted alongwith a Demat/Remat Request Form to their Depository Participants. Units held in demat form will also be transferable (except in case of Equity Linked Savings Schemes) Demat option will not be available for subscription through Micro Investment.
Minimum Target amount (This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return.)	Not Applicable
Maximum Amount to be raised (if any)	Not Applicable

Dividend Policy (IDCW)	When IDCWs are declared with respect to the Scheme, the net assets attributable to Unitholders in the respective Income Distribution cum Capital Withdrawal Plan/option will stand reduced by an amount equivalent to the product of the number of units eligible for IDCW and the gross amount of IDCW per unit declared on the record date. The NAV of the Unitholders in the Growth option will remain unaffected by the payment of IDCWs. **Process for declaration of IDCW in Unlisted Schemes/Plans** a. Quantum of IDCW and the record date shall be fixed by the trustees in their meeting. IDCW so decided shall be paid, subject to availability of distributable surplus. b. Record date shall be the date which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of unit holders for receiving IDCWs. Further, the NAV shall be adjusted to the extent of IDCW distribution and statutory levy, if any, at the close of business hours on record date. c. Within one calendar day of the decision by the trustees, AMC shall issue notice to the public communicating the decision including the record date. d. The record date shall be 2 working days from the date of publication in at least one English newspaper or in a newspaper published in the language of the region where the Head Office of the mutual fund is situated, whichever is issued earlier. e. Before the issue of such notice, no communication indicating the probable date of IDCW declaration in any manner whatsoever may be issued by any mutual fund or distributors of its products. The IDCW amounts can be distributed out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains. IDCWs as and when declared will be paid to eligible unitholders, within 7 working days from the record date. In the event of failure to initiate of IDCW payments within 7 working days from the record date, the AMC shall pay an interest @ 15 per cent per annum of the relevant IDCW amount to the applicable Unit holders. Interest for the delayed payment of IDCW shall be calculated from the record date
Allotment (Detailed procedure)	All the applicants whose subscription proceeds have been realised will receive full and firm allotment of Units, provided their applications are valid in all other respects. NAM India retains the discretion to reject any application, subject to applicable SEBI / AMFI guidelines, circulars. NAM India shall allot the units to the applicant whose Purchase or Switch application has been accepted and also send confirmation specifying the number of units allotted to the applicant by way of email and/or SMS's to the applicant's registered email address and/or mobile number as soon as possible but not later than five working days from the date of closure of the new fund offer period or from the date of allotment of units,on ongoing basis. Where units are held by investor in dematerialised form, the demat statement issued by the DP would be deemed adequate compliance with the requirements in respect of dispatch of statements of account. All Units will rank pari passu amongst Units within the same Scheme / Plan as to assets, earnings and the receipt of IDCW distribution, if any.
Refund	If any subscription/ switch application is rejected, full amount will be refunded within five business days of closure of the NFO. No interest will be payable on any subscription money refunded within five business days from the closure of NFO. If refunded later than five business days, interest @ 15% p.a. for the delay period will be paid to the applicant and borne by the AMC for the period from the day following the date of expiry of five business days until the actual date of the refund. Refund will be initiated in the name of the applicant in the case of a sole applicant and in the name of the first applicant in all other cases. In both cases, the bank account number and bank name, as specified in the application, will be considered for refund. The bank and/ or collection charges, if any, will be borne by the applicant. All the refund payments will be initiated in the manner as may be specified by SEBI from time to time. The bank and/ or collection charges, if any, will be borne by the applicant. All the refund payments will be sent by registered post or courier service or as required under The Regulations.
Who can invest **This is an indicative list and investors shall consult their financial advisor to**	The following persons (subject, wherever relevant, to purchase of units being permitted under their respective constitutions and relevant State Regulations) are eligible to subscribe to the units:

ascertain whether the scheme is suitable to their risk profile	• Resident Adult Individuals, either single or jointly (not exceeding three). • Non – resident Indians and persons of Indian origin residing abroad, on a full repatriation basis • Parents / Lawful guardians on behalf of Minors* • Hindu Undivided Families (HUFs) in the name of HUF through its Karta • Companies (including Public Sector Undertakings), Bodies Corporate, Trusts (through Trustees) and Co-operative Societies • Banks (including Regional Rural Banks) and Financial Institutions • Religious and Charitable Trusts (through Trustees), Private Trusts authorised to invest in Mutual Fund schemes under their Trust Deeds • Special Purpose Vehicles (SPVs) approved by appropriate authority (subject to RBI approval) • International Multilateral Agencies approved by the Government of India • Army/Navy/Air Force / Para Military Units and other eligible institutions • Unincorporated body of persons as may be accepted by Nippon Life India Trustee Limited • Partnership Firms • Scientific and Industrial Research Organisations • Trustee, AMC or Sponsor or their associates may subscribe to Units under the Schemes. • Foreign Portfolio Investors (FPI) as defined in Regulation 2(1) (h) of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014. • Such other individuals/institutions/body corporate etc., as may be decided by the AMC from time to time, so long as wherever applicable they are in conformity with SEBI Regulations. * Process for Investments made in the name of a Minor through a Guardian: • Payment for investment by means of Cheque or any other mode shall be accepted from the bank account of the minor / Minor with guardian or from a joint account of the minor with the guardian only. For existing folios, in case the pay-out bank mandate is not held solely by minor or jointly by minor and guardian, the investors are requested to provide a change of Pay-out Bank mandate request before providing redemption request. • 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. In terms of Clause no. 17.6.1 of SEBI Master Circular dated June 27, 2024, payment for any investment by any mode shall be accepted from the bank account of the minor, parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian. For existing folios, the AMCs shall insist upon a change of pay-out bank mandate before redemption is processed. • Investors are also requested to note that the process of transmission of units shall be in line with Clause 17.6 of SEBI Master Circular dated June 27, 2024 and guidelines issued by SEBI in this regard from time to time. **Note :** 1. 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 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.

	2. In case of application under a Power of Attorney or by a limited company or a corporate body or an eligible institution or a registered society or a trust fund, the original Power of Attorney or a certified true copy duly notarised or the relevant resolution or authority to make the application as the case may be, or duly notarised copy thereof, alongwith a certified copy of the Memorandum and Articles of Association and/or bye-laws and / or trust deed and / or partnership deed and Certificate of Registration should be submitted. The officials should sign the application under their official designation. A list of specimen signatures of the authorised officials, duly certified / attested should also be attached to the Application Form. In case of a Trust / Fund it shall submit a resolution from the Trustee(s) authorising such purchases and redemptions. NAM India reserves the right to invest its own funds in the Scheme(s) upto a maximum extent of its networth. As per SEBI Regulations, such investments are permitted, subject to disclosure being made in the respective Scheme Offer Document/(s). Further, NAM India shall not charge any fees on its investment in the Scheme (s), unless allowed to do so under SEBI Regulations in the future. It is expressly understood that at the time of investment, the investor/unitholder has the express authority to invest in units of the Scheme and the AMC / Trustee / Mutual Fund will not be responsible if such investment is ultra vires the relevant constitution. 3. Neither this Scheme Information Document ("SID")/ Key Information Document ("KIM")/ Statement of Additional Information ("SAI") ["Scheme Related Documents"] nor the units of the scheme(s) have been registered under the relevant laws, as applicable in the territorial jurisdiction of United States of America nor in any provincial/ territorial jurisdiction in Canada. It is being clearly stated that the Scheme Related Documents and/or the units of the schemes of Nippon India Mutual Fund have been filed only with the regulator(s) having jurisdiction in the Republic of India. The distribution of these Scheme Related Documents in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of these Scheme Related Documents are required to inform themselves about, and to observe any such restrictions. No persons receiving a copy of these Scheme Related Documents or any KIM accompanying application form jurisdiction may treat such Scheme Related Documents as an invitation to them to subscribe for units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly these Scheme Related Documents do not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of such persons in possession of the Scheme Related Documents and any persons wishing to apply for units pursuant to these Scheme Related Documents to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction. The NAM India shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the NAM India . The investor shall be responsible for complying with all the applicable laws for such investments. The NAM India 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 NAM India, which are not in compliance with the terms and conditions notified in this regard. **Foreign Account Tax Compliance** In accordance with the relevant provisions of the Foreign Account Tax Compliance Act ("FATCA") as contained in the United States Hiring Incentives to Restore Employment ("HIRE") Act, 2010, there is a likelihood of withholding tax being levied on certain income/ receipt sourced from the subjects of United States of America ("US") with respect to the schemes, unless such schemes are FATCA compliant. In this regard, the respective governments of India and US have signed an Inter Governmental Agreement-1 (IGA) on July 9, 2015. In the terms of this proposed IGA, Nippon India Mutual Fund ("NIMF") and/ or Nippon Life India Asset Management Limited (NAM India) / "AMC") classified as a "Foreign Financial Institution" and in which case NIMF and/ or NAM India would be required, from time to time, to (a) undertake the necessary due-diligence process; (b) identify US reportable accounts; (c) collect certain required information/ documentary evidence ("information") with respect to the

	residential status of the unit holders; and (d) directly or indirectly disclose/ report/ submit such or other relevant information to the appropriate Indian authorities. Such information may include (without limitation) the unit holder's folio detail, identity of the unit holder, details of the beneficial owners and controlling persons etc In this regard and in order to comply with the relevant provisions under FATCA, the unit holders would be required to fully cooperate & furnish the required information to the AMC, as and when deemed necessary by the latter in accordance with IGA and/ or relevant circulars or guidelines etc, which may be issued from time to time by SEBI or any other relevant & appropriate authorities. The applications which do not provide the necessary information are liable to be rejected. The applicants/ unit holders/ prospective investors are advised to seek independent advice from their own financial & tax consultants with respect to the possible implications of FATCA on their investments in the scheme(s). The underlying FATCA requirements are applicable from July 1, 2014 or such other date, as may be notified. In case required, NIMF/ NAM India reserves the right to change/ modify the provisions (mentioned above) at a later date. NAM India reserves the right to include / exclude new / existing categories of investors to invest in this Scheme from time to time, subject to SEBI Regulations, if any
Who cannot invest	1. Any individual who is a Foreign National, except for Non –Resident Indians and Persons of Indian Origin and provided such Foreign National has procured all the relevant regulatory approvals applicable and has complied with all applicable laws, including but not limited to and pertaining to anti money laundering, know your customer (KYC), income tax, foreign exchange management (the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder), in the sole discretion and to the sole satisfaction of Nippon Life India Asset Management Ltd (the AMC). Nippon Life India Asset Management Limited in its capacity as an asset manager to the Nippon India Mutual Fund reserves the right to amend/terminate this facility at any time, keeping in view business/operational exigencies. 2. Overseas Corporate Bodies ("OCBs"), i.e. firms and societies which held directly or indirectly to the extent of at least 60% by NRIs and trusts in which at least 60% of the beneficial interest is similarly held irrevocably by such persons without the prior approval of the RBI. 3. NRIs residing in Non-Compliant Countries and Territories ("NCCTs") as determined by the Financial Action Task Force ("FATF"), from time to time. 4. Any other person determined by the AMC or the Trustee as not being eligible to invest in the Scheme. The AMC reserves the right to include/exclude new/existing categories of investors to invest in the Scheme from time to time, subject to SEBI Regulations & other prevailing statutory regulations.
How to Apply (and other details)	Details regarding- 1. The applications filled up and duly signed by the applicants should be submitted at the office of the Collection Centres / DISCs / Official Points of Acceptance or may be downloaded from the website of AMC. The list of the Designated Investor Service Centres (DISCs)/Official Points of Acceptance (OPAs) of the Mutual Fund are available on the website of the AMC i.e. https://mf.nipponindiaim.com . 2. Please refer to the SAI for detailed procedure and Application form for the instructions. 3. List of official points of acceptance, collecting banker details - Please visit - https://mf.nipponindiaim.com/investor-services/customer-service/locate-a-branch As per the directives issued by SEBI, it is mandatory for an investor to declare his/her bank account number in the application form. This is to safeguard the interest of unitholders from loss or theft of their redemption cheques / DDs. Additionally, if the bank details provided by investors are different from the details available on instrument, AMC may seek additional details from investors to validate the bank details provided by investors.
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue,	The units under the scheme once repurchased, shall not be reissued.

the entity (the scheme or the AMC) involved in the same.	
Restrictions, if any, on the right to freely retain or dispose of units being offered.	**Right to Limit Redemption** The Trustee and AMC may, in the general interest of the Unit holders of the Scheme under this Scheme Information Document and keeping in view the unforeseen circumstances / unusual market conditions, limit the total number of Units which may be redeemed on any Working Day for redemption requests of more than Rs. 2 Lakhs per folio at a scheme level. in any Scheme. In line with the Clause 1.12 of SEBI Master Circular dated June 27, 2024 the following conditions would be applicable. a. Restriction may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as: i. Liquidity issues - when market at large becomes illiquid and affecting almost all securities. ii. 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. iii. Operational issues – when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out).. b. Restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period. c. When restriction on redemption is imposed, the following procedure shall be applied: i. No redemption requests upto INR 2 lakh shall be subject to such restriction. ii. Where redemption requests are above INR 2 lakh, AMCs shall redeem the first INR 2 lakh without such restriction and remaining part over and above INR 2 lakh shall be subject to such restriction. However, suspension or restriction of redemption under any scheme of the Mutual Fund shall be made applicable only after the approval from the Board of Directors of the Asset Management Company and the Trustee Company. The approval from the AMC Board and the Trustees giving details of circumstances and justification for the proposed action shall also be informed to SEBI immediately. NIMF also reserves the right at its sole discretion to withdraw sale of Units in the Scheme temporarily or indefinitely, if the AMC views that increasing the Scheme's size further may prove detrimental to the existing unit holders of the Scheme. An order/ request to purchase Units is not binding on and may be rejected by the Trustee, the AMC or their respective agents, unless it has been confirmed in writing by the AMC or its agents and (or) payment has been received
Cut off timing for subscriptions/ redemptions/ switches This is the time before which your application (complete in all respects) should reach the official points of acceptance.	As per Clause 8.4.6.2 of SEBI Master circular dated June 27, 2024, in respect of purchase of units of mutual fund schemes (except liquid and overnight schemes), closing NAV of the day shall be applicable on which the funds are available for utilization irrespective of the size and time of receipt of such application subject to cut-off timing provisions. Considering the above, cut-off timings with respect to Subscriptions/Purchases including switch – ins shall be as follows: 1. Purchases / subscriptions (including Switch-in) in the scheme of any amount In respect of valid application received before up to 3.00 p.m. and funds for the entire amount of subscription / purchase as per the application are credited to the bank account of the scheme and are available for utilization before the cut-off time of 3.00 p.m., the closing NAV of the day shall be applicable; In respect of valid application received after 3.00 p.m. and funds for the entire amount of subscription / purchase as per the application are credited to the bank account of the scheme either on the same day or before the cut-off time on the next business day i.e. available for utilization before the cut-off time of the next business day, the closing NAV of the next business day shall be applicable; Irrespective of the time of receipt of application, where funds for entire amount are credited to the bank account of the scheme before the cut-off time on any subsequent business day i.e. available for utilization before the cut-off time on any

	subsequent business day - the closing NAV of such subsequent business day shall be applicable subject to applicability of cut-off timing for application. 2. For switch-in in the scheme of any amount: The following shall be ensured for determining the applicability of NAV: a. Application for switch-in is received before the applicable cut-off time of 3.00 p.m b. Funds for the entire amount of subscription/purchase as per the switch-in request are credited to the bank account of the respective switch-in schemes before the cut-off time; c. The funds are available for utilization before the cut-off time, by the respective switch-in schemes d .In case of Switch transactions from one scheme (Switch-out scheme) to other scheme (Switch-in scheme), NAV applicability shall be in line with redemption pay-outs of switch-out scheme. NIMF / NAM India shall reserve the right to change / modify any of the terms with respect to processing of transaction in line with directives specified by Securities & Exchange of Board of India and/or AMFI from time to time. **Redemptions including switch - outs** In respect of valid applications received upto 3.00 p.m. by the Mutual Fund, closing NAV of the day of receipt of application, shall be applicable. In respect of valid applications received after 3.00 p.m. by the Mutual Fund, the closing NAV of the next business day shall be applicable.
Minimum amount for purchase/redemption/switches (mention the provisions for ETFs, as may be applicable, for direct subscription/redemption with AMC.	**Minimum Application Amount** Rs. 5000 and in multiples of Re. 1 thereafter **Additional Purchase Amount** Rs 1000 (plus in the multiple of Re.1) Note – Pursuant to notice cum addendum dated October 30, 2021, for investments made by designated employees in terms of Clause 6.10 of SEBI Master Circular dated June 27, 2024, requirement for minimum application/ redemption amount will not be applicable. **Minimum Switch Amount** Will be as per the minimum application amount in the respective scheme which may have been opted by the investor for switching the units/amount where the switch facility is available. **Minimum Redemption Amount** Redemptions can be of minimum amount of Rs.100 or any number of units.
Accounts Statements	In accordance with Clause 14.4 of SEBI Master Circular dated June 27, 2024 the investor whose transaction has been accepted by the NAM India/NIMF shall receive a confirmation by way of email and/or SMS within 5 Business Days from the date of receipt of transaction request, same will be sent to the Unit holders registered e-mail address and/or mobile number. Thereafter, a Consolidated Account Statement ("CAS") shall be issued in line with the following procedure: 1. Consolidation of account statement shall be done on the basis of PAN. In case of multiple holding, it shall be PAN of the first holder and pattern of holding. 2. The CAS shall be generated on a monthly basis and shall be issued on or before 15th of the immediately succeeding month to the unit holder(s) in whose folio(s) transaction(s) has/have taken place during the month. 3. In case there is no transaction in any of the mutual fund folios then CAS detailing holding of investments across all schemes of all Mutual Funds will be issued on half yearly basis [at the end of every six months (i.e. September/ March)] on or before 21st of the immediately succeeding month

	4. Investors having MF investments and holding securities in Demat account shall receive a Consolidated Account Statement containing details of transactions across all Mutual Fund schemes and securities from the Depository by email / physical mode 5. Investors having MF investments and not having Demat account shall receive a Consolidated Account Statement from the MF Industry containing details of transactions across all Mutual Fund schemes by email / physical mode. 6. As a green initiative measure, SEBI vide its circular no.SEBI/HO/MRD-PoD2/CIR/P/2024/93 dated July 1, 2024 has specified that the CAS shall be despatched by email to all the investors whose email addresses are registered with the Depositories and AMCs/MF-RTAs. However, where an investor does not wish to receive CAS through email, option shall be given to the investor to receive the CAS in physical form at the address registered with the Depositories and the AMCs/MF-RTAs. The depositories shall also intimate the investor on quarterly basis through the SMS mode specifying the email id on which the CAS is being sent. The word 'transaction' shall include purchase, redemption, switch, IDCW payout, IDCW reinvestment, systematic investment plan, systematic withdrawal plan, and systematic transfer plan. CAS shall not be received by the Unit holders for the folio(s) wherein the PAN details are not updated. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN. For Micro SIP and Sikkim based investors whose PAN details are not mandatorily required to be updated Account Statement will be dispatched by NAM India/NIMF for each calendar month on or before 10th of the immediately succeeding month. The Consolidated Account statement will be in accordance to Clause 14.4.3 of SEBI Master Circular dated June 27, 2024. In case of a specific request received from the Unit holders, NAM India / NIMF will provide the account statement to the investors within 5 Business Days from the receipt of such request. Investors are requested/encouraged to register/update their email id and mobile number of the primary holder with the AMC/RTA through our Designated Investor Service Centres (DISCs) in order to facilitate effective communication. For further details, refer SAI.
Dividend/ IDCW	The IDCW payments shall be initiated to the unitholders within 7 working days from the Record date, in compliance to the Clause 11.4 of SEBI Master Circular dated June 27, 2024
Redemption	The redemption or repurchase proceeds shall be transferred to the unitholders within 3 working Days from the date of redemption or repurchase. Further, investors are requested to note that processing of Redemption or Repurchase transactions without PAN in respect of Non-PAN-Exempt folios has been restricted with effect from September 30, 2019. In case of exceptional situations/circumstances listed in AMFI Circular No.AMFI/35P/MEM COR/74/2022-23 dated January 16, 2023 read with guidelines issued as per para 14.1.3 of SEBI Master Circular for Mutual Funds dated June 27, 2024, redemption payment would be made within the permitted additional timelines. For all such Non-PAN-Exempt folios, investors are requested to update PAN by submitting suitable request along with PAN card copy at any of the Designated Investor Service Centre ("DISC") of Nippon India Mutual Fund (NIMF) and then submit Redemption or new Systematic Withdrawal Plans (SWPs) requests. With respect to existing SWPs registered without PAN in Non-PAN-Exempt folios, the same shall be restricted with effect from October 16, 2019 till PAN is updated in the folio. Investors are also requested to note further that 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, completion of KYC requirements shall be mandatory and with effect from February 28, 2020, all financial transactions (including redemptions, switches etc.) will be processed only if the KYC requirements are completed.

	Unit holders are advised to use the applicable KYC Form for completing the KYC requirements and submit the form at the Designated Investor Service Centre ("DISC") of Nippon India Mutual Fund or KFin Technologies Limited
Bank Mandate	As per the directives issued by SEBI, it is mandatory for an investor to declare his/her bank account number in the application form. This is to safeguard the interest of unitholders from loss or theft of their redemption cheques / DDs. Additionally, if the bank details provided by investors are different from the details available on instrument, AMC may seek additional details from investors to validate the bank details provided by investors.
Delay in payment of redemption / repurchase proceeds/dividend	In terms of clause 14.2 of SEBI Master Circular for Mutual Funds dated June 27, 2024, the Asset Management Company shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum). No interest will be payable on any subscription money refunded within 5 working days. If the Fund refunds the amount after 5 working days, interest @ 15% p.a. will be paid to the applicant and borne by the AMC for the period from the day following the date of expiry of 5 working days until the actual date of the refund The period of five working days for computation of interest payable for delay in refund of subscription amounts during on-going offer period shall be reckoned from the date of purchase transaction as per timestamp / applicable NAV, provided the application form / online transaction is received along with the payment and the funds have been realized. Where the subscription amount and the application / online transaction are received separately, the period of five working days for computation of interest payable for delay in refund of subscription amounts shall be reckoned from the later of the date of identifying the remitter details, based on the credit provided by the bank or receipt and time stamping of application / online transaction. It is clarified that the interest will be payable only in those cases where the credit pertains to a subscription in the scheme backed by a transaction request by the customer and such subscription is rejected by the AMC. Refund will be initiated in the name of the applicant in the case of a sole applicant and in the name of the first applicant in all other cases. In both cases, the bank account number and bank name, as specified in the application, will be mentioned in the refund order. The bank and/ or collection charges, if any, will be borne by the applicant. All the refund payments will be initiated in the manner as may be specified by SEBI from time to time
Unclaimed Redemption and Income Distribution cum Capital Withdrawal Amount	In terms of Clause 14.3 of SEBI Master Circular dated June 27, 2024, the unclaimed redemption amount and IDCW amounts (the funds) may be deployed by the Mutual Fund in money market instruments and separate plan of Overnight scheme / liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts only, provided that such schemes where the unclaimed redemption and IDCW amounts are deployed shall be only those Overnight Scheme/ Liquid Scheme / Money Market Mutual Fund Schemes which are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix as per Clause 17.5 of SEBI Master Circular dated June 27, 2024. Investors who claim the unclaimed amounts during a period of three years from the due date shall be paid initial unclaimed amount along-with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. The details of such unclaimed redemption/IDCW amounts are made available to investors upon them providing proper credentials, on website of Mutual Funds and AMFI along with the information on the process of claiming the unclaimed amount and the necessary forms / documents required for the same. Further, the information on unclaimed amount along-with its prevailing value (based on income earned on deployment of such unclaimed amount), will be separately disclosed to investors through the periodic statement of accounts / Consolidated Account Statement sent to the investors. Further, the investment management fee charged by the AMC for managing the said unclaimed amounts shall not exceed 50 basis points.
Disclosure w.r.t investment by minors	Process for Investments made in the name of a Minor through a Guardian: • Payment for investment by means of Cheque or any other mode shall be accepted from the bank account of the minor / Minor with guardian or from a joint account of the minor with the guardian only. For existing folios, in case the pay-out bank mandate is not held solely by minor or jointly by minor and guardian, the investors

	are requested to provide a change of Pay-out Bank mandate request before providing redemption request. • 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. In terms of Clause no. 17.6.1 of SEBI Master Circular dated June 27, 2024, payment for any investment by any mode shall be accepted from the bank account of the minor, parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian. For existing folios, the AMCs shall insist upon a change of pay-out bank mandate before redemption is processed.
Ongoing Offer Period This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.	The Scheme being an ongoing Scheme the Units of the Scheme are available for subscription / redemption at applicable NAV based prices, subject to prevalent load provisions, if any.
Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the mutual fund) by investors. This is the price you need to pay for purchase/ switch-in. Example: If the applicable NAV is Rs. 10, entry load is 2% then sales price will be: Rs. 10* (1+0.02) = Rs. 10.20	At the applicable NAV. Purchase Price = Applicable NAV In accordance with the requirements specified by the Clause no. 10.4 of the Master circular dated June 27, 2024 no entry load will be charged for purchase / additional purchase / switch-in accepted by the Fund. Similarly, no entry load will be charged with respect to applications for registrations under systematic investment plans/ systematic transfer plans accepted by the Fund. The upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder directly by the investor, based on the investor's assessment of various factors including service rendered by the ARN Holder. Pursuant to Clause 10.6 of SEBI Master Circular dated June 27, 2024, no entry load or exit load shall be charged in respect of units allotted on reinvestment.
Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors. This is the price you will receive for redemptions/switch outs. Example: If the applicable NAV is Rs. 10.00, sales/entry load is 2 per cent and the exit / repurchase load is 2 percent then the sales price will be Rs. 10.20 and the repurchase price will be Rs. 9.80	At the applicable NAV subject to prevailing exit load, if any. **Redemption Price :** The Redemption Price will be calculated in the following way : Redemption Price = Applicable NAV x (1- Exit Load) Example: If the applicable NAV is Rs. 10.00, sales/entry load is 2 per cent and the exit / repurchase load is 2 percent then the sales price will be Rs. 10.20 and the repurchase price will be Rs. 9.80. The mutual fund shall ensure that the repurchase price of the scheme is not lower than 95 per cent of the Net Asset Value.

III. OTHER DETAILS

A. In case of Fund of Funds Scheme, Details of Benchmark, Investment Objective, Investment Strategy, TER, AUM, Year wise performance, Top 10 Holding/ link to Top 10 holding of the underlying fund should be provided-

1. **Nippon India Large Cap Fund**

Scheme Name: Nippon India Large Cap Fund

Details of Benchmark: AMFI Tier I Benchmark - BSE 100 TRI

Considering the investment in the fund is made in equity/equity related securities with the objective of achieving long term growth of capital, we propose to have BSE 100 TRI as a benchmark since majority of the stocks relate to the broader investment philosophy of the fund which is to invest predominantly into large cap stocks with potential for future growth and good track record.

Investment Objective:

The primary investment objective of the scheme is to seek to generate long term capital appreciation by investing predominantly into equity and equity related instruments of large cap companies. The secondary objective is to generate consistent returns by investing in debt, money market securities, REITs and InvITs. However, there can be no assurance that the investment objective of the Scheme will be realized.There is no assurance that the investment objective of the Scheme will be achieved.

Investment Strategy:

Nippon India Large Cap Fund is an actively managed Fund The scheme will invest predominantly into equity and equity related instruments of large cap companies. The Fund will invest at least 80% of its total assets in large cap stocks. Large cap stocks are defined as stocks of top 100 companies by full market capitalization.

Such companies which tend to be leaders in their respective fields with having strong financials, vast experience and robust management. Large Cap stocks tend to generate consistent long term returns with relatively less volatility. They also tend to generate relatively stronger performance during times of heightened risk aversion.

For investments in equity and equity related securities, the Scheme would identify companies for investment, based on the following criteria amongst others:

a) Sound Management

b) Good track record of the company

c) Potential for future growth

d) Industry economic scenario

For investments in Debt Securities, income may be generated through the receipt of coupon payments, the amortization of the discounts on debt instruments or the purchase and sale of securities in the underlying portfolio.

The fund will have the flexibility to invest in a broad range of companies with an objective to maximize the returns, at the same time trying to minimize the risk by reasonable diversification. However there can be no assurance that the investment objective of the scheme will be realized, as actual market movements may be at variance with anticipated trends.

India today is the world's largest democracy with a vibrant electorate, active Judiciary and civil society groups, and a fiercely independent media.

It is the Fund's view that India's growth model promises more stable, sustainable expansion and bigger returns for the investors. There exists a very positive view on the sectors like Agriculture, Manufacturing and Service, which contribute, substantially to our GDP. In our view all these three sectors simultaneously are looking quite attractive and bullish.

The Indian economy has performed impressively over the past two decades. A major fiscal and balance of payment crisis led to a package of radical economic reforms in 1991. Since then, India has undertaken far-reaching economic reforms of deregulation and liberalization, which has unleashed the enormous growth potential of the economy and a powerful entrepreneurial force. The reform measures included a greater private sector role in India's development by improving the investment and tax regimes, dismantling industrial licensing, opening infrastructure to private investment, reforming public enterprises and the financial sector, and reducing price controls. The package also initiated the liberalisation of foreign trade and exchange regimes.

The consumers and public have realized the benefits of liberalization through increase in the choice and quality of products and decrease in prices. The business and industry have also adjusted themselves with the liberalization and globalization. The unprecedented high level of foreign exchange reserves, upward trend in FDI inflows and the general growth of the economy has given more confidence and encouragement to the policy-makers to further accelerate its economic reforms and liberalization process. Both at the central and state levels and across political parties, in general, there is consensus on further economic liberalization.

The Fund is of the view that the reforms program and the market-oriented policies of the Government are irreversible. The government is committed to economic reforms with a human face that stimulates growth, investment and employment. The government has recognized that further reforms are needed in agriculture, industry, services and infrastructure.

Government has divested its stake in public sector undertakings in the light of the redefinition of its role from being a provider of goods and services to that of a policy-maker and facilitator. Between 1991 and 2003, the Government has privatized assets worth US$ 10 billion including $ 3.5 billion in fiscal 2003-2004. The economic reform process involves structural changes in various sectors and companies like:

- Encouraging private participation and changing the ownership model in favour of private participants
- De-regulation of pricing
- Increased spending by government on the infrastructural projects
- Reforming public enterprises and the financial sector

These planned steps will accelerate the pace of GDP growth and would encourage investments in form of increased FDIs/ and private investments. This will result in increase in investment capital and would finally result in the overall value creation in the economy. This will be reflected in increased valuations of the individual companies, increased corporate profitability and better market capitalization. These changes will implant greater confidence in the minds of the domestic and foreign investors.

Exposure to foreign equity securities

The scheme, subject to SEBI guidelines issued from time to time, may have an exposure of upto 20% of its net assets in foreign equity securities. However, the exposure in such foreign equity securities would not exceed the maximum amount permitted from time to time. Boards of asset management companies (AMCs) and trustees shall exercise due diligence in making investment decisions as required under Regulation 25 (2). They shall make a detailed analysis of risks and returns of investment in foreign equity securities, comparing them with likely yields of the securities available in domestic markets and how these investments would be in the interest of investors. Investment must be made in liquid actively traded securities. Boards of AMCs and trustees may prescribe detailed parameters for making such investments, which may include identification of countries, country rating, country limits, etc. They shall satisfy themselves that the AMC has experienced key personnel, research facilities and infrastructure for making such investments. Other specialised agencies and service providers associated with such investments e.g. custodian, bank, advisors, etc should also have adequate expertise and infrastructure facilities. Their past track record of performance and regulatory compliance record, if they are registered with foreign regulators, may also be considered. Necessary agreements may be entered into with them as considered necessary. All investment decisions shall be recorded in accordance with clause 12.16.1.8, 12.19.3.2.a and 12.23.1 of SEBI Master Circular dated June 27, 2024. Such investments shall be disclosed while disclosing half-yearly portfolios in the prescribed format by making a separate heading "Foreign Securities/overseas ETFs." Scheme-wise percentage of investments made in such securities shall be disclosed while publishing half-yearly results in the prescribed format, as a footnote.

Investment in overseas financial assets: SEBI vide. its clause 12.19 of SEBI Master Circular dated June 27, 2024 has issued guidelines pertaining to investments in overseas financial assets. Accordingly all the investments in ADR/GDR and foreign securities shall be made in compliance with the above referred circular. It is the investment manager's belief that overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Offshore investment will be made subject to any/ all approvals / conditions thereof as may be stipulated by SEBI/ RBI/ other regulatory authorities. The Fund shall appoint a dedicated fund manager for the purpose of investment in overseas financial assets as prescribed in the aforesaid SEBI circular. The fund may, where necessary, appoint other intermediaries of repute as advisors, subcustodians, etc. for managing and administering such investments. The fees and expenses of such appointment would be part of the recurring expenses of the scheme. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would include, besides the investments management fees, custody fees and costs, fees of appointed advisors and sub managers, transaction costs and overseas regulatory costs. Investment in foreign securities offers more opportunities and diversification for investments. Investors may note that the scheme shall not invest in foreign debt securities.

Advantages and Risks attached with investments in Overseas Financial Assets

It is AMC's belief that the investment in ADRs/GDRs/overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the schemes. Since the Scheme would invest only partially in ADRs/ GDRs/overseas securities, there may not be readily available and widely accepted benchmarks to measure performance of the Scheme.

- To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI/RBI from time to time.
- To the extent that the assets of the Schemes will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by the changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital also may be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of the other restrictions on investment.
- Offshore investments will be made subject to any/all approvals, conditions thereof as may be stipulated by SEBI/RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The Fund may, wherever necessary, appoint other intermediaries of repute as advisors, custodian/sub-custodians etc. for managing and administering such investments.
- The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs, and overseas regulatory costs.

i. **Investors are requested to take note that in case the scheme invests in securitized debt**

Disclosures with respect to securitized debt

1. **How the risk profile of securitized debt fits into the risk appetite of the scheme**

   Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income characteristics. The risk of investing in securitized debt is similar to investing in debt securities. However, it differs in following two majorly respects :-

   Typically, the liquidity of securitized debt is less than similar debt securities. However, this is expected to change as SEBI has issued its guidelines on listing of securitized instrument and going forward, we expect more issuance of listed securitized debt. Currently, the fund manager normally buys these with the view to hold them till maturity. For the close ended scheme, the average tenor of the securitized debt would not exceed maturity of the Scheme / Plan / Fund. For open ended scheme, average maturity of the securitized debt will be in accordance, with the investment time horizon of such scheme, opportunities available in the market and interest rate views of the investment team.

   For certain types of securitized debt (backed by mortgages, personal loans, credit card debt, etc.), there is an additional pre-payment risk. Pre-payment risk refers to the possibility that loans are repaid before they are due, which may reduce returns if the re-investment rates are lower than initially envisaged. The fund manager price the securitized debt accordingly to compensate for reinvestment risk.

   Because of these additional risks, securitized debt typically offers higher yields than debt securities of similar credit rating and maturity. If the fund manager judges that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt according to the nature (open ended / close ended) of the scheme.

2. **Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc.**

   Originators have been broadly categorized as follows:

   i. PSU Banks;

   ii. Private Banks;

   iii. NBFC's with asset size of Rs. 1,000 crores and above; and

   iv. NBFC's with asset size of below Rs. 1,000 crores.

   Before the assessment of the structure is undertaken, the originators/ underlying issuers are evaluated on the following parameters:

- Track record - good track record of the originators/ underlying issuers or its group companies.
- illingness to pay - credible and strong management team.
- Ability to pay – good financials and business profile.
- Risk appraisal capabilities - strong and well defined risk assessment processes
- Business risk assessment of the originators based on the following factors:
  - Outlook for the economy (domestic and global)
  - Outlook for the industry
  - Company specific factors

Further, investments in securitized debt will be done in accordance with the investment restrictions specified under the Regulations / this Scheme Information Documents which would help in mitigating certain risks. Currently, as per the Regulations,

3. Risk mitigation strategies for investments with each kind of originator

Investments are based on assessment of following parameters, so as to mitigate risk associated with such investment:

a. Credit quality, size and reach of the originator

b. Nature of receivables/asset category i.e. cars, construction equipment, commercial vehicles, personal loans etc.

c. Collection process, infrastructure and follow up mechanism

d. Quality of MIS

e. Credit cum liquidity enhancement

f. Credit appraisal norms of originator

g. Asset Quality - portfolio delinquency levels

h. Past performance of rated pools

i. Pool Characteristics - seasoning, Loan-to value ratios, geographic diversity etc.

4. The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments

In retail securitized debt investments, we will invest majorly invest in pools such as Medium and Heavy Commercial Vehicles, Light 26 Commercial Vehicles (LCV), Cars, and Construction Equipment, SME/MSME pool, Unsecured pool, personal loan pool, Loan Against Property, Any other retail lending product etc. Where we invest in Single Loan Securitization, as the credit is on the underlying issuer, we focus on the credit review of the borrower. A credit analyst sets up limit for various issuers based on independent research taking into account their historical track record, prevailing rating and current financials.

Table 1: illustrates the framework that will be applied while evaluating investment decision relating to a securitization transaction:

"Characteristics/Type of Pool"	**"Mortgage Loan "**	**Commercial Vehicle and Construction Equipment**	**CAR**	**2Wheelers**	**Micro Finance**	**Personal Loans**	**Single Loan Sell Downs / Others**
Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)	In excess of 3%	In excess of 5%	In excess of 5%	In excess of 5%	In excess of 10%	In excess of 10%	Any Single Loan Sell Downs/ other class of securitised debt would be evaluated on a case by case basis
Average Loan to Value Ratio	85% or Lower	100% or lower	95% or Lower	95% or Lower	Unsecured	Unsecured	
Minimum Average seasoning of the Pool	3 months	3 months	3 months	3 months	1 month	1 month	
Maximum single exposure Range	5%	5%	1%	1%	< 1%	< 1%	
Average single exposure range	<5%	<5%	< 1%	< 1%	< 1%	< 1%	

5. Minimum retention period of the debt by originator prior to securitization

The Mutual Fund will follow the guidelines on minimum holding period requirements as laid down by SEBI and RBI from time to time.

6. Minimum retention percentage by originator of debts to be securitized

We will follow the guidelines on minimum holding period requirements as laid down by SEBI and RBI from time to time.

7. The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund.

Investments made by the Scheme in any asset are done based on the requirements of the Scheme and is in accordance with the investment policy. All Investments are made entirely at an arm's length basis with no consideration of any existing / consequent investments by any party related to the transaction (originator, issuer, borrower etc.). Investments made in Securitized debt are made as per the Investment pattern of the Scheme and are done after detailed analysis of the underlying asset. There might be instances of Originator investing in the same scheme but both the transactions are at arm's length and avoid any conflict of interest.

8. **In general, the resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt.**

As with any other debt instruments, investment in securitized debt instruments will be closely monitored by a dedicated team of credit analysts, ratings of any such instruments will be continuously tracked and periodic performance report from Trustee and MIS from Originators, if any would be scrutinized closely.

For details of securitized debt, please refer to SAI

ii. **Disclosure of Trading in Derivatives**

For details of Derivatives Strategies, please refer to SAI

PORTFOLIO TURNOVER POLICY: Given the nature of the scheme, the portfolio turnover ratio may be very high and AMC may change the portfolio according to Asset Allocation, commensurate with the investment objectives of the scheme. The effect of higher portfolio turnover could be higher brokerage and transaction costs.

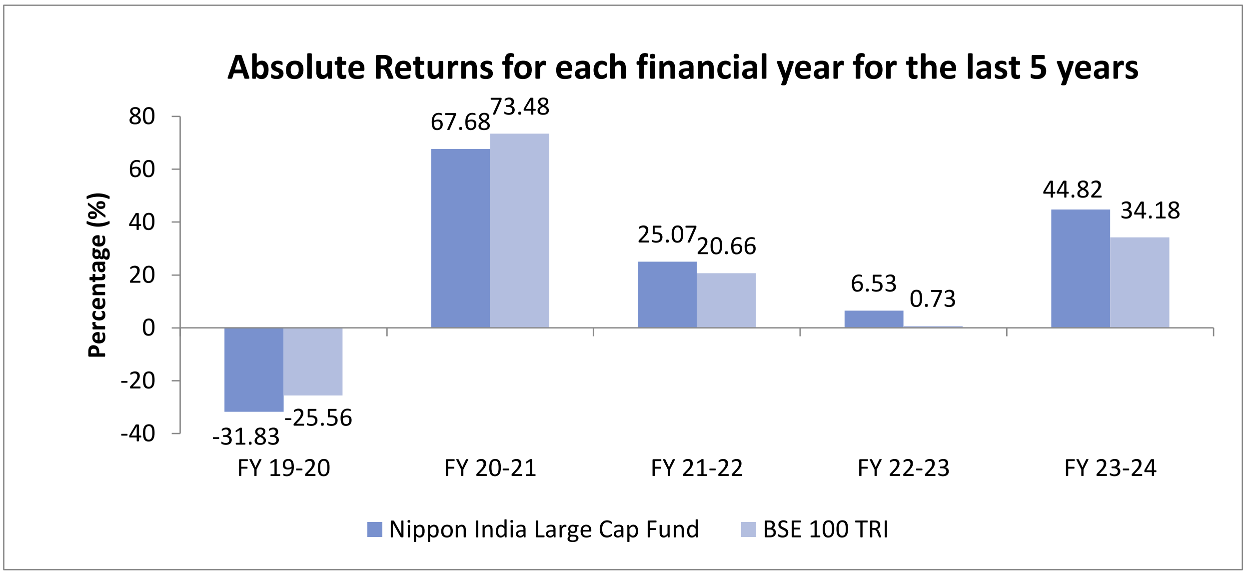
TER (as on September 30, 2024): 0.85

AUM (as on September 30, 2024): 34432.09 Crores

Year Wise Performance (As on September 30, 2024):

Compounded Annualised Returns	Scheme Returns %	Benchmark Returns %
Returns for the last 1 year	38.89	37.36
Returns for the last 3 years	22.15	16.76
Returns for the last 5 years	22.16	20.29
Returns since inception (Allotment date August 8, 2007)	13.78	12.48

Absolute returns for each financial year for the last 5 years



TRI - Total Returns Index reflects the returns on the index arising from (a) constituent stock price movements and (b) Dividend receipts from constituent index stocks, thereby showing a true picture of returns.

In line with Clause 6.14.2.2 of the SEBI Master Circular dated June 27, 2024, the performance of the Equity Scheme is Benchmarked to the Total Return Variant of the Index.

Calculation assume that all payouts during the period have been re-invested in the units of the scheme at the then prevailing NAV. All the returns are of Growth Plan - Growth Option.

Past performance may or may not be sustained in future

Face Value of the Scheme is Rs. 10/- Per unit

Top 10 Holding/ link to Top 10 holding of the underlying fund:

https://mf.nipponindiaim.com/investor-service/downloads/scheme-information-document

2. **Nippon India ETF Gold Bees**

Scheme Name : Nippon India ETF Gold BeES

Details of Benchmark:

The Trustees have adopted the Domestic price of Gold as the benchmark index.

The investments would be in physical gold and gold related instruments as per its investment objective. Thus, the aforesaid benchmark is such that it is most suited for comparing performance of the Scheme.

A detailed review of the Scheme and the performance of the Scheme vis-à-vis the benchmark will be placed before the board of directors of AMC and Trustee on a quarterly basis. However, the Scheme's performance is likely to differ from the performance of the benchmark on account of the Tracking Error.

In terms of Clause no. 1.8 of SEBI Master Circular dated June 27, 2024, the board of directors of the AMC and Trustees may review the benchmark selection from time to time, and make suitable changes as to use of the benchmark or select an additional or replacement benchmark, or related to composition of the benchmark, whenever it deems necessary after recording an adequate justification for carrying out such change. However, change of benchmark and/or selecting additional benchmarks would be done in compliance with the relevant guidelines of SEBI in this regard.

The Fund Manager will bring to the notice of the board of directors of the AMC, specific factors if any, which are impacting the performance of the Scheme. The board of directors of the AMC on consideration of all relevant factors may, if necessary, give appropriate directions to the AMC. Similarly, the performance of the Scheme will be submitted to the Trustees. The Fund Manager / Chief Investment Officer will explain to the Trustees, the details on the Scheme's performance vis-à-vis the benchmark returns.

Tracking difference

Tracking difference is defined as the annualized difference of returns between the NAV of the Scheme and physical gold (domestic price of gold).

Investment Objective:

The investment objective of Nippon India ETF Gold BeES is to provide returns that, before expenses, closely correspond to the returns provided by Domestic price of Gold through physical gold. There can be no assurance or guarantee that the investment objective of the Scheme will be achieved.

Investment Strategy:

Nippon India ETF Gold BeEs is a passively managed exchange traded fund. The AMC uses a "passive" or indexing approach to try and achieve the Scheme's investment objective. Unlike other Funds, the Scheme does not try to "beat" the markets it tracks and does not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular stock or a particular industry segment or the underlying nor will it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks with regard to over/ underperformance vis-à-vis a benchmark. The Scheme shall invest all of its funds as per its investment objective and asset allocation pattern, except to meet its liquidity requirements. Passive approach eliminates active management risks pertaining to over/underperformance vis-à-vis a benchmark.

The Scheme will invest upto 100% but at least 95% of its total assets in the physical gold and gold related instruments. The Scheme may hold upto 5% of its total assets in other Securities/instruments. As long as the Scheme invests at least 95% of its total assets in physical gold and gold related instruments, it may also invest its other assets in cash and cash equivalents and short-term high quality debt that would include, obligations of the Indian Government and its agencies, commercial papers (rated by recognized rating agencies), bank certificates of deposit, repurchase agreements (Repo's), Units of money market funds and other Money Market Instruments permissible under the investment norms.

I. Investment in other Schemes

The Scheme may invest in other Scheme(s) managed by the AMC or in the scheme of any other mutual fund, provided it is in conformity with the investment objectives of the Scheme and in terms of the prevailing SEBI Regulations. As per the SEBI Regulations, the AMC will not charge investment management fees for such investments.

II. Investments by the AMC, the Sponsor, the Trustee Company and /or their associates in the Scheme

Subject to the SEBI Regulations and other applicable laws, the AMC, the Sponsor, the Trustee Company and/or their associates, may invest in the Scheme during the NFO Period and/or the Ongoing Offer Period. The percentage of such investment to the total NAV may vary from time to time. The AMC shall not charge any investment management and advisory fees on investment by the AMC in the Units of the Scheme in accordance with sub-regulation 17 of Regulation 25 of the SEBI Regulations.

RISK CONTROL

Investments made by the Scheme would be in accordance with the investment objective of the Scheme and provisions of SEBI Regulations. Since the investing requires disciplined risk management, the AMC has adequate safeguards for controlling risk in the portfolio construction process. The risk control process involves reducing risk through portfolio diversification wherever possible, taking care however not to dilute the returns in the process. It is the belief of the AMC that the diversification would help to achieve desired level of consistency in returns.

CHANGE IN INVESTMENT PATTERN

Subject to SEBI Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentage stated in the asset allocation table are only indicative and not absolute. These proportions may vary substantially depending upon the perception of the AMC, the intention being all the times to seek to protect the interest of the Unit holders. Such changes in the investment pattern will be for short term and keeping in view the passive nature of the Scheme.

IMPLEMENTATION OF POLICIES

The Scheme, in general, will buy physical gold and gold related instruments. Expectation is that, over time, the Tracking Error of the Scheme relative to the performance of the Domestic price of Gold will be relatively low.

INVESTMENT PROCESS

The Scheme will endeavor to track the Domestic price of Gold by investing in physical gold and gold related instruments. Normally, the Fund will receive physical gold from the Authorised Participants / Market Makers /Large Investors against the exchange of Units of the Scheme in Creation Unit size as defined by the Fund. However, in case of large investors, the execution value shall be greater than Rs. 25 crores (except for Schemes managed by Employee Provident Fund Organisation (EPFO), India and Recognized Provident Funds, Approved Gratuity Funds and Approved Superannuation Funds under Income Tax Act, 1961).

The AMC will analyse from time to time different ways of taking exposure in gold from the perspective of risk and return and decide the same in the best interest of Investors.

RECORDING OF INVESTMENT DECISIONS

The investment decisions are taken by a team comprising of the Chief Investment Officer and Fund Managers based on the underlying index / benchmark for Exchange Traded Funds (ETFs). The Fund Managers along with their rationale record all such investment decisions.

The Chief Executive Officer shall be responsible for compliances of all statutory requirements including SEBI Regulations and will supervise investments decisions of Fund Managers taking into consideration the overall interest of the Unitholders and assume responsibility for the day to day and overall Risk Management function of Mutual Fund.

Under him Fund Manager(s) will look after investment of the funds of the Scheme(s) in a manner to achieve the investment objective of the Scheme and in the interest of Unitholders.

The performance of the Scheme is reviewed by the Board of AMC and Trustees in their periodical meetings. The trustee will review the performance of the scheme on a periodical basis and submit a half yearly report to SEBI on various matters related to compliance and performance of the scheme. They may also compare the performance of the scheme against a benchmark index. The benchmark may be changed in future, if a benchmark better suited to the investment objective of the scheme is available, as may be decided by the AMC and the Trustee in line with SEBI (Mutual Fund) Regulations, 1996 and any change at a later date shall be recorded and reasonably justified.

PORTFOLIO TURNOVER

Portfolio turnover is the term used by the Fund for measuring the amount of trading that occurs in a Scheme's portfolio during a specified period of time. The Scheme is an open ended Scheme. It is therefore expected that there would be a number of Subscriptions and Redemptions on a daily basis. There may be frequent transaction to buy and sell the Securities resulting in increase in transaction cost. At the same time frequent transactions may increase the profits and which can offset the increase in cost. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. However, the Fund Manager will endeavour to optimize the portfolio turnover to minimize risk and maximize gains while keeping in mind the cost associate with such transaction.

Portfolio turnover is defined as the lower of sales or purchases divided by the average corpus during a specified period of time.

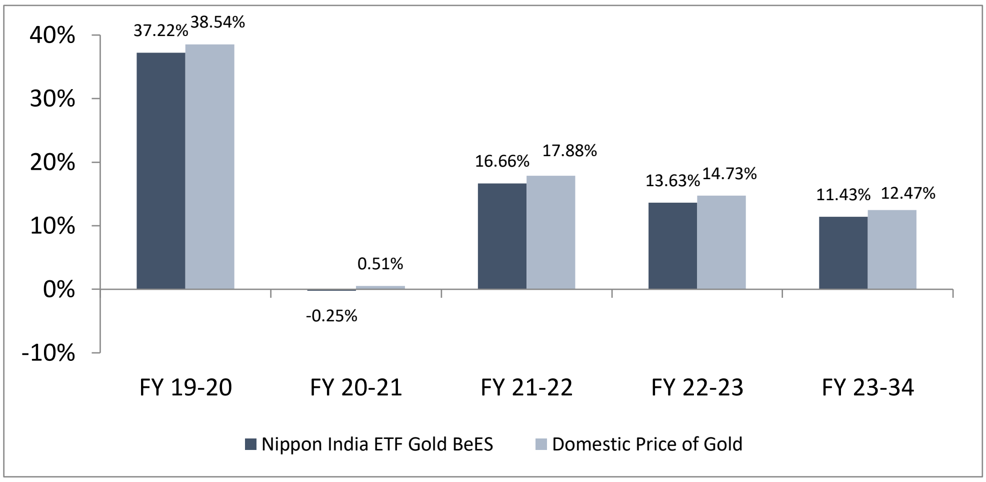
TER (as on September 30, 2024) : 0.80

AUM (as on September 30, 2024) : 13725.26 crores

Year Wise Performance (as on September 30, 2024):

Compounded Annualised Returns	**Scheme Returns %**	**Benchmark Returns %**
Returns for the last 1 year	28.67	30.12
Returns for the last 3 years	16.71	17.89
Returns for the last 5 years	13.41	14.49
Returns since inception	11.42	12.50

Absolute returns for each financial year for the last 5 years



Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

Returns since inception are calculated from the date of allotment i.e. March 8, 2007. IDCWs (if any) are assumed to be reinvested at the prevailing NAV. Withholding taxes (if any) are excluded while calculating the returns. After payment of IDCW, NAV will fall to the extent of the payout and statutory levy (if applicable).

Top 10 Holding/ link to Top 10 holding of the underlying fund:

https://mf.nipponindiaim.com/investor-service/downloads/scheme-information-document

3. **Nippon India Growth Fund**

Scheme Name : Nippon India Growth Fund

Details of Benchmark:

AMFI Tier I Benchmark - NIFTY Midcap 150 TRI

The Scheme is an open ended equity scheme predominantly investing in mid cap stocks. NIFTY Midcap 150 TRI which consists of companies in the mid cap space is a suitable benchmark for the fund.

Investment Objective:

The primary investment objective of the Scheme is to achieve long term growth of capital by investing in equity and equity related securities through a research based investment approach.. There is no assurance that the investment objective of the Scheme will be achieved.

Investment Strategy:

Nippon India Growth Fund is an actively managed Fund Investment Approach & Risk Control

The portfolio shall be structured so as to keep risk at acceptable levels. This shall be done through various measures including:

1. Broad diversification of portfolio
2. Ongoing review of relevant market, industry, sector and economic parameters
3. Investing in companies which have been researched
4. Investments in debentures and bonds (where the tenure exceeds 18 months) will usually be in instruments which have been assigned investment grade ratings by any approved rating agency

NAM India may, from time to time, review and modify the Scheme's investment strategy if such changes are considered to be in the best interests of the unitholders and if market conditions warrant it. Investments in securities and instruments not specifically mentioned earlier may also be made, provided they are permitted by SEBI/RBI and approved by the Trustee. However, such investments shall be made keeping in view the Fundamental Attributes of the Scheme.

Exposure to foreign equity securities:

The scheme, subject to SEBI guidelines issued from time to time, may have an exposure upto 50% of its Net Assets n foreign equity securities. However, the exposure in such foreign equity securities would not exceed the maximum amount permitted from time to time.

Such investments shall be disclosed while disclosing half-yearly portfolios in the prescribed format by making a separate heading "Foreign Securities/Overseas ETFs." Scheme-wise percentage of investments made in such securities shall be disclosed while publishing half-yearly results in the prescribed format, as footnote.

Boards of asset management companies (AMCs) and trustees shall exercise due diligence in making investment decisions as required under Regulation 25 (2). They shall make a detailed analysis of risks and returns of investment in foreign equity securities, comparing them with likely yields of the securities available in domestic markets and how these investments would be in the interest of investors. Investment must be made in liquid actively traded securities. Boards of AMCs and trustees may prescribe detailed parameters for making such investments, which may include identification of countries, country rating, country limits, etc. They shall satisfy themselves that the AMC has experienced key personnel, research facilities and infrastructure for making such investments. Other specialized agencies and service providers associated with such investments e.g. custodian, bank, advisors, etc should also have adequate expertise and infrastructure facilities. Their past track record of performance and regulatory compliance record, if they are registered with foreign regulators, may also be considered. Necessary agreements may be entered into with them as considered necessary.

Investment in overseas financial assets

SEBI vide. its clause 12.19 of SEBI Master Circular dated June 27, 2024 has issued guidelines pertaining to investments in overseas financial assets. Accordingly all the investments in ADR/GDR and foreign securities shall be made in compliance with the above referred circular. It is the investment manager's belief that overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Offshore investment will be made subject to any/ all approvals / conditions thereof as may be stipulated by SEBI/ RBI/ other regulatory authorities. The Fund shall appoint a dedicated fund manager for the purpose of investment in overseas financial assets as prescribed in the aforesaid SEBI circular. The fund may, where necessary, appoint other intermediaries of repute as advisors, subcustodians, etc. for managing and administering such investments. The fees and expenses of such appointment would be part of the recurring expenses of the scheme. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would include, besides the investments management fees, custody fees and costs, fees of appointed advisors and sub managers, transaction costs and overseas regulatory costs. Investment in foreign securities offers more opportunities and diversification for investments. Investors may note that the scheme shall not invest in foreign debt securities.

Advantages and Risks attached with investments in overseas financial assets

It is AMC's belief that the investment in ADRs/GDRs/overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the schemes. Since the Scheme would invest only partially in ADRs/ GDRs/overseas securities, there may not be readily available and widely accepted benchmarks to measure performance of the Scheme.

We have seen that different economies perform differently at various points in time. Therefore in order to maximize the gains to the investors by allocating resources to economies which are doing better than ours and also to diversify the risk arising out of concentrated investments in just one country, we may propose to invest in foreign securities in compliance to the regulations from time to time.

1. To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI/RBI from time to time.
2. To the extent that the assets of the Schemes will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by the changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital also may be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of the other restrictions on investment.
3. Offshore investments will be made subject to any/all approvals, conditions thereof as may be stipulated by SEBI/RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The Fund may, wherever necessary, appoint other intermediaries of repute as advisors, custodian/sub-custodians etc. for managing and administering such investments.
4. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs, and overseas regulatory costs.

i. **Investors are requested to take note that in case the scheme invests in securitized debt**

Disclosures with respect to securitized debt

1. **How the risk profile of securitized debt fits into the risk appetite of the scheme**

   Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income characteristics. The risk of investing in securitized debt is similar to investing in debt securities. However, it differs in following two majorly respects :-

   Typically, the liquidity of securitized debt is less than similar debt securities. However, this is expected to change as SEBI has issued its guidelines on listing of securitized instrument and going forward, we expect more issuance of listed securitized debt. Currently, the fund manager normally buys these with the view to hold them till maturity. For the close ended scheme, the average tenor of the securitized debt would not exceed maturity of the Scheme / Plan / Fund. For open ended scheme, average maturity of the securitized debt will be in accordance, with the investment time horizon of such scheme, opportunities available in the market and interest rate views of the investment team.

   For certain types of securitized debt (backed by mortgages, personal loans, credit card debt, etc.), there is an additional pre-payment risk. Pre-payment risk refers to the possibility that loans are repaid before they are due, which may reduce returns if the re-investment rates are lower than initially envisaged. The fund manager price the securitized debt accordingly to compensate for reinvestment risk.

   Because of these additional risks, securitized debt typically offers higher yields than debt securities of similar credit rating and maturity. If the fund manager judges that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt according to the nature (open ended / close ended) of the scheme.

2. **Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc.**

   Originators have been broadly categorized as follows:

   i. PSU Banks;

   ii. Private Banks;

   iii. NBFC's with asset size of Rs. 1,000 crores and above; and

   iv. NBFC's with asset size of below Rs. 1,000 crores.

   Before the assessment of the structure is undertaken, the originators/ underlying issuers are evaluated on the following parameters:

   - Track record - good track record of the originators/ underlying issuers or its group companies.
   - illingness to pay - credible and strong management team.
   - Ability to pay – good financials and business profile.
   - Risk appraisal capabilities - strong and well defined risk assessment processes
   - Business risk assessment of the originators based on the following factors:
     - Outlook for the economy (domestic and global)
     - Outlook for the industry

− Company specific factors

Further, investments in securitized debt will be done in accordance with the investment restrictions specified under the Regulations / this Scheme Information Documents which would help in mitigating certain risks. Currently, as per the Regulations,

3. Risk mitigation strategies for investments with each kind of originator

Investments are based on assessment of following parameters, so as to mitigate risk associated with such investment:

a. Credit quality, size and reach of the originator

b. Nature of receivables/asset category i.e. cars, construction equipment, commercial vehicles, personal loans etc.

c. Collection process, infrastructure and follow up mechanism

d. Quality of MIS

e. Credit cum liquidity enhancement

f. Credit appraisal norms of originator

g. Asset Quality - portfolio delinquency levels

h. Past performance of rated pools

i. Pool Characteristics - seasoning, Loan-to value ratios, geographic diversity etc.

4. The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments

In retail securitized debt investments, we will invest majorly invest in pools such as Medium and Heavy Commercial Vehicles, Light 26 Commercial Vehicles (LCV), Cars, and Construction Equipment, SME/MSME pool, Unsecured pool, personal loan pool, Loan Against Property, Any other retail lending product etc. Where we invest in Single Loan Securitization, as the credit is on the underlying issuer, we focus on the credit review of the borrower. A credit analyst sets up limit for various issuers based on independent research taking into account their historical track record, prevailing rating and current financials.

Table 1: illustrates the framework that will be applied while evaluating investment decision relating to a securitization transaction:

"Characteristics/Type of Pool"	**"Mortgage Loan "**	**Commercial Vehicle and Construction Equipment**	**CAR**	**2Wheelers**	**Micro Finance**	**Personal Loans**	**Single Loan Sell Downs / Others**
Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)	In excess of 3%	In excess of 5%	In excess of 5%	In excess of 5%	In excess of 10%	In excess of 10%	Any Single Loan Sell Downs/ other class of securitised debt would be evaluated on a case by case basis
Average Loan to Value Ratio	85% or Lower	100% or lower	95% or Lower	95% or Lower	Unsecured	Unsecured	
Minimum Average seasoning of the Pool	3 months	3 months	3 months	3 months	1 month	1 month	
Maximum single exposure Range	5%	5%	1%	1%	< 1%	< 1%	
Average single exposure range	<5%	<5%	< 1%	< 1%	< 1%	< 1%	

5. Minimum retention period of the debt by originator prior to securitization

The Mutual Fund will follow the guidelines on minimum holding period requirements as laid down by SEBI and RBI from time to time.

6. Minimum retention percentage by originator of debts to be securitized

We will follow the guidelines on minimum holding period requirements as laid down by SEBI and RBI from time to time.

7. The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund.

Investments made by the Scheme in any asset are done based on the requirements of the Scheme and is in accordance with the investment policy. All Investments are made entirely at an arm's length basis with no consideration of any existing / consequent investments by any party related to the transaction (originator, issuer, borrower etc.). Investments made in Securitized debt are made as per the Investment pattern of the Scheme and are done after detailed analysis of the underlying asset. There might be instances of Originator investing in the same scheme but both the transactions are at arm's length and avoid any conflict of interest.

8. In general, the resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt.

As with any other debt instruments, investment in securitized debt instruments will be closely monitored by a dedicated team of credit analysts, ratings of any such instruments will be continuously tracked and periodic performance report from Trustee and MIS from Originators, if any would be scrutinized closely.

For details of securitized debt, please refer to SAI

ii. **Disclosure of Trading in Derivatives**

For details of Derivatives Strategies, please refer to SAI

Portfolio Turnover Policy:

It is difficult to estimate the portfolio turnover as the Scheme is an equity Scheme. The turnover will depend upon various circumstances prevailing in the market at any point of time. Higher portfolio turnover generally results in higher costs such as brokerage costs, stamp duty and custodian charges. However, with recent changes in the equity markets, especially dematerialisation, these costs have come down significantly. In case of higher portfolio turnover, the Scheme will try to endeavour to cover these costs by way of higher gain from the increased turnover.

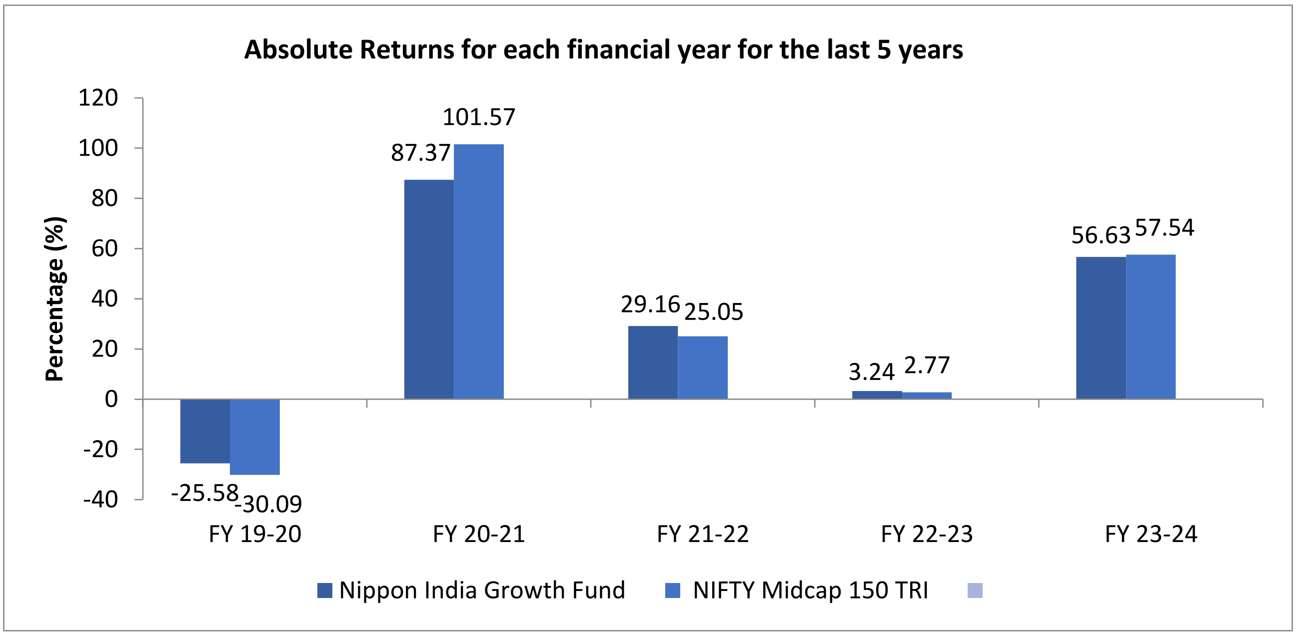
TER (as on September 30, 2024): 0.89

AUM (as on September 30, 2024): 35208.97 Crores

Year Wise Performance (as on September 30, 2024):

Compounded Annualised Returns	Scheme Returns %	Benchmark Returns %
Returns for the last 1 year	53.13	47.90
Returns for the last 3 years	27.52	26.12
Returns for the last 5 years	31.37	31.42
Returns since inception (Allotment date October 8, 1995)	23.21	NA

Absolute returns for each financial year for the last 5 years



TRI - Total Returns Index reflects the returns on the index arising from (a) constituent stock price movements and (b) Dividend receipts from constituent index stocks, thereby showing a true picture of returns.

NA has been mentioned as benchmark data for corresponding period is not available.

In line with Clause 6.14.2.2 of the SEBI Master Circular dated June 27, 2024, the performance of the Equity Scheme is Benchmarked to the Total Return Variant of the Index.

Past performance may or may not be sustained in future

Calculation assume that all payouts during the period have been re-invested in the units of the scheme at the then prevailing NAV.

All the returns are of Growth Plan - Growth Option. Face Value of the Scheme is Rs. 10/- Per unit

Top 10 Holding/ link to Top 10 holding of the underlying fund:

https://mf.nipponindiaim.com/investor-service/downloads/scheme-information-document

4. **Nippon India Small Cap Fund**

Scheme Name: Nippon India Small Cap Fund

Details of Benchmark:

Since majority of the equity investments in this fund are identified by the market cap composition of Nifty Small Cap TRI, it is proposed to have Nifty Small Cap 250 TRI as the benchmark of the Scheme.

Investment Objective:

The primary investment objective of the scheme is to generate long term capital appreciation by investing predominantly in equity and equity related instruments of small cap companies and the secondary objective is to generate consistent returns by investing in debt and money market securities. There is no assurance that the investment objective of the Scheme will be achieved.

Investment Strategy:

Nippon India Small Cap Fund is an actively managed fund. The investment strategy of the Scheme is to build and maintain a diversified portfolio of equity stocks primarily focused on the small stocks that have the potential to appreciate. The aim will be to build a portfolio that adequately reflects a cross-section of the growth areas of the economy from time to time.

While the portfolio focuses primarily on a buy and hold strategy at most times, it will balance the same with a rational approach to selling when the valuations become too demanding even in the face of reasonable growth prospects in the long run. Though every endeavor will be made to achieve the objectives of the Scheme, the AMC/Sponsors/Trustees do not guarantee that the investment objectives of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme. However the aforesaid limits are only indicative. The Fund Manager in his endeavors to protect the interest of the investors and to maximize the returns, after taking into consideration the dynamism of the markets and market requirements, may change the above limits, in line with the investment objective, for a short term period (not exceeding 30 days) on defensive considerations.

The fund will, in general invest a significant part of its corpus in equities however pending investments in equities; the surplus amount of the fund should be invested in debt and money market instruments. Also whenever good investment opportunity are not available, or the equity market is not likely to perform in the view of the Fund manager the Fund will reduce its exposure to equity and during that period the surplus asset of the Fund shall be invested in debt and money market instruments. However there is no assurance that all such buying and selling activities would necessarily result in benefit for the Fund. The allocation between debt and equity will be decided based upon the prevailing market conditions, macroeconomic environment, and the performance of the corporate sector, the equity market and other considerations. At time such churning could lead to higher brokerage and transaction costs.

RISK CONTROL

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns.

The AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, rigorous in depth credit evaluation of the securities proposed to be invested in will be carried out by the investment team of the AMC.

The Scheme may also use various derivatives and hedging products from time to time, as would be available and permitted by RBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest.

Exposure to foreign equity securities: The scheme, subject to SEBI guidelines issued from time to time, may have an exposure in foreign equity securities. However, the exposure in such foreign equity securities would not exceed the maximum amount permitted from time to time. Boards of asset management companies (AMCs) and trustees shall exercise due diligence in making investment decisions as required under Regulation 25 (2). They shall make a detailed analysis of risks and returns of investment in foreign equity securities, comparing them with likely yields of the securities available in domestic markets and how these investments would be in the interest of investors. Investment must be made in liquid actively traded securities. Boards of AMCs and trustees may prescribe detailed parameters for making such investments, which may include identification of countries, country rating, country limits, etc. They shall satisfy themselves that the AMC has experienced key personnel, research facilities and infrastructure for making such investments. Other specialised agencies and service providers associated with such investments e.g. custodian, bank, advisors, etc should also have adequate expertise and infrastructure facilities. Their past track record of performance and regulatory compliance record, if they are registered with foreign regulators, may also be considered. Necessary agreements may be entered into with them as considered necessary. All investment decisions shall be recorded in accordance with SEBI circulars as applicable from time to time. Such investments shall be disclosed while disclosing half-yearly portfolios in the prescribed format by making a separate heading "Foreign Securities/overseas ETFs." Scheme-wise percentage of investments made in such securities shall be disclosed while publishing half-yearly results in the prescribed format, as a footnote.

Investment in overseas financial assets: SEBI vide. its Clause 12.19 of SEBI Master Circular dated June 27, 2024 has issued guidelines pertaining to investments in overseas financial assets. Accordingly all the investments in ADRs/GDRs/Foreign Securities/Overseas ETFs shall be made in compliance with the above referred circular. It is the investment manager's belief that overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Offshore investment will be made subject to any/ all approvals / conditions thereof as may be stipulated by SEBI/ RBI/ other regulatory authorities. Ms. Kinjal Desai & Mr. Akshay Sharma has been appointed as the Fund Manager for Overseas Investments, as prescribed in the aforesaid SEBI circular. The fund may, where necessary, appoint other intermediaries of repute as advisors, sub-custodians, etc. for managing and administering such investments. The fees and expenses of such appointment would be part of the recurring expenses of the scheme. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would include, besides the investments management fees, custody fees and costs, fees of appointed advisors and sub managers, transaction costs and overseas regulatory costs. Investment in foreign securities offers more opportunities and diversification for investments.

Advantages and Risks attached with investments in Foreign Securities: It is AMC's belief that the investment in ADRs/GDRs/overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the schemes. Since the Scheme would invest only partially in ADRs/GDRs/overseas securities, there may not be readily available and widely accepted benchmarks to measure performance of the Scheme.

(a) To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI/RBI from time to time.

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

(c)Offshore investments will be made subject to any/all approvals, conditions thereof as may be stipulated by SEBI/RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing.

i.**Investors are requested to take note that in case the scheme invests in securitized debt**

Disclosures with respect to securitized debt

1.How the risk profile of securitized debt fits into the risk appetite of the scheme

Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income characteristics. The risk of investing in securitized debt is similar to investing in debt securities. However, it differs in following two majorly respects :-

Typically, the liquidity of securitized debt is less than similar debt securities. However, this is expected to change as SEBI has issued its guidelines on listing of securitized instrument and going forward, we expect more issuance of listed securitized debt. Currently, the fund manager normally buys these with the view to hold them till maturity. For the close ended scheme, the average tenor of the securitized debt would not exceed maturity of the Scheme / Plan / Fund. For open ended scheme, average maturity of the securitized debt will be in accordance, with the investment time horizon of such scheme, opportunities available in the market and interest rate views of the investment team.

For certain types of securitized debt (backed by mortgages, personal loans, credit card debt, etc.), there is an additional pre-payment risk. Pre-payment risk refers to the possibility that loans are repaid before they are due, which may reduce returns if the re-investment rates are lower than initially envisaged. The fund manager price the securitized debt accordingly to compensate for reinvestment risk.

Because of these additional risks, securitized debt typically offers higher yields than debt securities of similar credit rating and maturity. If the fund manager judges that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt according to the nature (open ended / close ended) of the scheme.

2. Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc.

Originators have been broadly categorized as follows:

i.PSU Banks;

ii.Private Banks;

iii.NBFC's with asset size of Rs. 1,000 crores and above; and

iv.NBFC's with asset size of below Rs. 1,000 crores.

Before the assessment of the structure is undertaken, the originators/ underlying issuers are evaluated on the following parameters:

• Track record - good track record of the originators/ underlying issuers or its group companies.

• illingness to pay - credible and strong management team.

•Ability to pay – good financials and business profile.

• Risk appraisal capabilities - strong and well defined risk assessment processes

• Business risk assessment of the originators based on the following factors:

− Outlook for the economy (domestic and global)

− Outlook for the industry

− Company specific factors

Further, investments in securitized debt will be done in accordance with the investment restrictions specified under the Regulations / this Scheme Information Documents which would help in mitigating certain risks. Currently, as per the Regulations,

3. Risk mitigation strategies for investments with each kind of originator

Investments are based on assessment of following parameters, so as to mitigate risk associated with such investment:

a. Credit quality, size and reach of the originator

b. Nature of receivables/asset category i.e. cars, construction equipment, commercial vehicles, personal loans etc.

c. Collection process, infrastructure and follow up mechanism

d. Quality of MIS

e. Credit cum liquidity enhancement

f. Credit appraisal norms of originator

g. Asset Quality - portfolio delinquency levels

h. Past performance of rated pools

i. Pool Characteristics - seasoning, Loan-to value ratios, geographic diversity etc.

4. The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments

In retail securitized debt investments, we will invest majorly invest in pools such as Medium and Heavy Commercial Vehicles, Light 26 Commercial Vehicles (LCV), Cars, and Construction Equipment, SME/MSME pool, Unsecured pool, personal loan pool, Loan Against Property, Any other retail lending product etc. Where we invest in Single Loan Securitization, as the credit is on the underlying issuer, we focus on the credit review of the borrower. A credit analyst sets up limit for various issuers based on independent research taking into account their historical track record, prevailing rating and current financials.

Table 1: illustrates the framework that will be applied while evaluating investment decision relating to a securitization transaction:

"Characteristics/Type of Pool"	"Mortgage Loan "	Commercial Vehicle and Construction Equipment	CAR	2Wheelers	Micro Finance	Personal Loans	Single Loan Sell Downs / Others
Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)	In excess of 3%	In excess of 5%	In excess of 5%	In excess of 5%	In excess of 10%	In excess of 10%	Any Single Loan Sell Downs/ other class of securitised debt would be evaluated on a case by case basis
Average Loan to Value Ratio	85% or Lower	100% or lower	95% or Lower	95% or Lower	Unsecured	Unsecured	
Minimum Average seasoning of the Pool	3 months	3 months	3 months	3 months	1 month	1 month	
Maximum single exposure Range	5%	5%	1%	1%	< 1%	< 1%	
Average single exposure range	<5%	<5%	< 1%	< 1%	< 1%	< 1%	

5. Minimum retention period of the debt by originator prior to securitization

The Mutual Fund will follow the guidelines on minimum holding period requirements as laid down by SEBI and RBI from time to time.

6. Minimum retention percentage by originator of debts to be securitized

We will follow the guidelines on minimum holding period requirements as laid down by SEBI and RBI from time to time.

7. The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund.

Investments made by the Scheme in any asset are done based on the requirements of the Scheme and is in accordance with the investment policy. All Investments are made entirely at an arm's length basis with no consideration of any existing / consequent investments by any party related to the transaction (originator, issuer, borrower etc.). Investments made in Securitized debt are made as per the Investment pattern of the Scheme and are done after detailed analysis of the underlying asset. There might be instances of Originator investing in the same scheme but both the transactions are at arm's length and avoid any conflict of interest.

8. In general, the resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt.

As with any other debt instruments, investment in securitized debt instruments will be closely monitored by a dedicated team of credit analysts, ratings of any such instruments will be continuously tracked and periodic performance report from Trustee and MIS from Originators, if any would be scrutinized closely.

For details of securitized debt, please refer to SAI

ii.**Disclosure of Trading in Derivatives**

For details of Derivatives Strategies, please refer to SAI

Portfolio Turnover Policy: Given the nature of the scheme, the portfolio turnover ratio may be very high and AMC may change the portfolio according to Asset Allocation, commensurate with the investment objectives of the scheme. The effect of higher portfolio turnover could be higher brokerage and transaction costs.

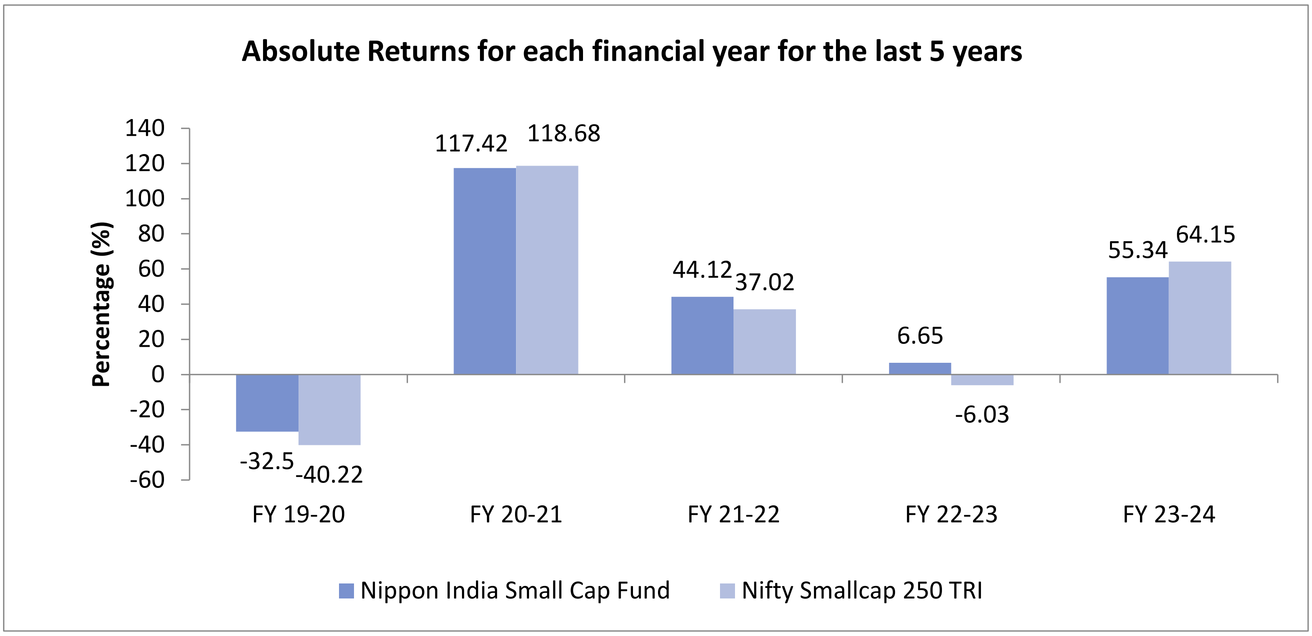
TER (as on September 30, 2024): 0.74

AUM (as on September 30, 2024): 62259.55 Crores

Year Wise Performance (as on September 30, 2024):

Compounded Annualised Returns	Scheme Returns %	Benchmark Returns %
Returns for the last 1 year	48.18	51.15
Returns for the last 3 years	30.92	26.25
Returns for the last 5 years	37.10	32.63
Returns since inception (Allotment date September 16, 2010)	22.95	14.73

Absolute returns for each financial year for the last 5 years



Past performance may or may not be sustained in future

TRI - Total Returns Index reflects the returns on the index arising from (a) constituent stock price movements and (b) Dividend receipts from constituent index stocks, thereby showing a true picture of returns.

In line with Clause 6.14.2.2 of the SEBI Master Circular dated June 27, 2024, w.e.f. Feb 1, 2018 the performance of the Equity Scheme is Benchmarked to the Total Return Variant of the Index

Calculation assume that all payouts during the period have been re-invested in the units of the scheme at the then prevailing NAV.

All the returns are of Growth Plan - Growth Option. Face Value of the Scheme is Rs. 10/- Per unit

Top 10 Holding/ link to Top 10 holding of the underlying fund:

https://mf.nipponindiaim.com/investor-service/downloads/scheme-information-document

5. **Nippon India Gilt Securities Fund**

Scheme Name: Nippon India Gilt Securities Fund

Details of Benchmark:

AMFI Tier I Benchmark - NIFTY All Duration G-Sec Index

The benchmark adequately reflects the fund strategy. The portfolios are similar not only in term of the construct but also in terms of risk return parameters in question. Using this benchmark shall provide the investor with an independent and representative comparison with fund portfolio.

Investment Objective:

The primary investment objective of the Scheme is to generate optimal credit risk-free returns by investing in a portfolio of securities issued and guaranteed by the Central Government and State Government.There is no assurance that the investment objective of the Scheme will be achieved.

Investment Strategy:

Nippon India Gilt Securities Fund is an actively managed Fund. The fund management team will endeavor to maintain a consistent performance in the scheme by maintaining a balance between safety, liquidity and profitability aspects of various investments. The fund manager will try to achieve an optimal risk return balance for management of the fixed income portfolios.

The investments in debt instruments carry various risks like interest rate risk, liquidity risk, default risk, purchasing power risk etc. While they cannot be done away with, they can be minimized by diversification and effective use of hedging techniques.

The fund management team will take an active view of the interest rate movement by keeping a close watch on various parameters of the Indian economy, as well as developments in global markets.

Investment views / decisions will be taken on the basis of the following parameters:

1. Prevailing interest rate scenario
2. Quality of the security / instrument (including the financial health of the issuer)
3. Maturity profile of the instrument
4. Liquidity of the security

5. Growth prospects of the company / industry

6. Any other factors in the opinion of the fund management team

Investments may be in listed or unlisted debt instruments, as permitted under SEBI Regulations. These would cover secondary market purchases, Initial Public Offers (IPOs), other public offers, placements, rights offers, negotiated deals etc. Investments in debentures and bonds will usually be in instruments which have been assigned investment grade ratings by an approved rating agency. The instruments may be rated / unrated and listed / unlisted. In cases where the debt instrument is unrated, specific approval from the Investment Committee of NAM India shall be obtained.

Risk Measurement /Control

The Fund Management proposes to use analytic risk management tools like VAR / convexity/ modified duration for effective portfolio management.

The fund will employ necessary measures to manage the risk arising out of investment in foreign securities. The fund may use short-term borrowings to meet any immediate liquidity concerns as permitted under the Regulations. The Fund will also take the necessary measures to manage foreign exchange movements arising out of such investments.

Portfolio Turnover

The Investment Manager does not have a policy statement on portfolio turnover. It is anticipated that the portfolio turnover rate will be a function of the trading opportunities that may emerge from time to time. A high portfolio turnover rate may be representative of arbitrage opportunities that exist for securities in the portfolio rather than an indication of the Investment Manager's view on a security.

It is also expected that there would be a number of subscriptions and repurchase on a daily basis. Consequently, it is difficult to estimate with any reasonable accuracy, the likely turnover in the portfolio. The AMC will however, endeavor to optimise portfolio turnover to maximise gains and minimise risks keeping in mind the associated costs.

i. **Investors are requested to take note that in case the scheme invests in securitized debt**

Disclosures with respect to securitized debt

1. How the risk profile of securitized debt fits into the risk appetite of the scheme

Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income characteristics. The risk of investing in securitized debt is similar to investing in debt securities. However, it differs in following two majorly respects :-

Typically, the liquidity of securitized debt is less than similar debt securities. However, this is expected to change as SEBI has issued its guidelines on listing of securitized instrument and going forward, we expect more issuance of listed securitized debt. Currently, the fund manager normally buys these with the view to hold them till maturity. For the close ended scheme, the average tenor of the securitized debt would not exceed maturity of the Scheme / Plan / Fund. For open ended scheme, average maturity of the securitized debt will be in accordance, with the investment time horizon of such scheme, opportunities available in the market and interest rate views of the investment team.

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Originators have been broadly categorized as follows:

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- Ability to pay – good financials and business profile.
- Risk appraisal capabilities - strong and well defined risk assessment processes
- Business risk assessment of the originators based on the following factors:
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  - Outlook for the industry
  - Company specific factors

Further, investments in securitized debt will be done in accordance with the investment restrictions specified under the Regulations / this Scheme Information Documents which would help in mitigating certain risks. Currently, as per the Regulations,

3. **Risk mitigation strategies for investments with each kind of originator**

   Investments are based on assessment of following parameters, so as to mitigate risk associated with such investment:

   a. Credit quality, size and reach of the originator

   b. Nature of receivables/asset category i.e. cars, construction equipment, commercial vehicles, personal loans etc.

   c. Collection process, infrastructure and follow up mechanism

   d. Quality of MIS

   e. Credit cum liquidity enhancement

   f. Credit appraisal norms of originator

   g. Asset Quality - portfolio delinquency levels

   h. Past performance of rated pools

   i. Pool Characteristics - seasoning, Loan-to value ratios, geographic diversity etc.

4. **The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments**

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Maximum single exposure Range	5%	5%	1%	1%	< 1%	< 1%	
Average single exposure range	<5%	<5%	< 1%	< 1%	< 1%	< 1%	

5. **Minimum retention period of the debt by originator prior to securitization**

   The Mutual Fund will follow the guidelines on minimum holding period requirements as laid down by SEBI and RBI from time to time.

6. **Minimum retention percentage by originator of debts to be securitized**

   We will follow the guidelines on minimum holding period requirements as laid down by SEBI and RBI from time to time.

7. **The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund.**

   Investments made by the Scheme in any asset are done based on the requirements of the Scheme and is in accordance with the investment policy. All Investments are made entirely at an arm's length basis with no consideration of any existing / consequent investments by any party related to the transaction (originator, issuer, borrower etc.). Investments made in Securitized debt are made as per the Investment pattern of the Scheme and are done after detailed analysis of the underlying asset. There might be instances of Originator investing in the same scheme but both the transactions are at arm's length and avoid any conflict of interest.

8. **In general, the resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt.**

   As with any other debt instruments, investment in securitized debt instruments will be closely monitored by a dedicated team of credit analysts, ratings of any such instruments will be continuously tracked and periodic performance report from Trustee and MIS from Originators, if any would be scrutinized closely.

For details of securitized debt, please refer to SAI.

ii. **Disclosure of Trading in Derivatives**

The Scheme will comply with provisions specified in Clause 12.25 of SEBI Master Circular dated June 27, 2024 related to overall exposure limits as stated below:

i. Mutual Funds shall not write options or purchase instruments with embedded written options except for the covered call strategy.
ii. The total exposure related to option premium paid must not exceed 20% of the net assets of the scheme.
iii. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:

a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.

b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Paragraph above.

c. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.

d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.

Mutual Funds may enter into plain vanilla Interest Rate Swaps (IRS) for hedging purposes. The value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme.

In case of participation in IRS is through over the counter transactions, the counter party has to be an entity recognized as a market maker by RBI and exposure to a single counterparty scheme in such transactions should not exceed 10% of the net assets of the scheme. However, if mutual funds are transacting in IRS through an electronic trading platform offered by the Clearing Corporation of India Ltd (CCIL) and CCIL is the central counterparty for such transactions guaranteeing settlement, the single counterparty limit of 10% shall not be applicable.

Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned above.

Hedging of Interest Rate Risk

To reduce interest rate risk in a debt portfolio, mutual funds may hedge the portfolio or part of the portfolio (including one or more securities) on weighted average modified duration basis by using Interest Rate Futures (IRFs). The maximum extent of short position that may be taken in IRFs to hedge interest rate risk of the portfolio or part of the portfolio, is as per the formula given below:
(Portfolio Modified Duration * Market Value of the Portfolio)
(Futures Modified Duration * Futures Price / PAR)

In case the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged, it would result in imperfect hedging.

Imperfect hedging using IRFs may be considered to be exempted from the gross exposure, up to maximum of 20% of the net assets of the scheme, subject to the following:

i. Exposure to IRFs is created only for hedging the interest rate risk based on the weighted average modified duration of the bond portfolio or part of the portfolio.

Mutual Funds are permitted to resort to imperfect hedging, without it being considered under the gross exposure limits, if and only if, the correlation between the portfolio or part of the portfolio (excluding the hedged portions, if any) and the IRF is at least 0.9 at the time of initiation of hedge. In case of any subsequent deviation from the correlation criteria, the same may be rebalanced within 5 working days and if not rebalanced within the timeline, the derivative positions created for hedging shall be considered under the gross exposure computed in terms mentioned above. The correlation should be calculated for a period of last 90 days.

Explanation: If the fund manager intends to do imperfect hedging up to 15% of the portfolio using IRFs on weighted average modified duration basis, either of the following conditions need to be complied with:

(a) The correlation for past 90 days between the portfolio and the IRF is at least 0.9 or

(b) The correlation for past 90 days between the part of the portfolio (excluding the hedged portions, if any) i.e. at least 15% of the net asset of the scheme (including one or more securities) and the IRF is at least 0.9.

iii. At no point of time, the net modified duration of part of the portfolio being hedged should be negative.

iv. The portion of imperfect hedging in excess of 20% of the net assets of the scheme should be considered as creating exposure and shall be included in the computation of gross exposure as mentioned above.

The basic characteristics of the scheme should not be affected by hedging the portfolio or part of the portfolio (including one or more securities) based on the weighted average modified duration.

Explanation: In case of long term bond fund, after hedging the portfolio based on the modified duration of the portfolio, the net modified duration should not be less than the minimum modified duration of the portfolio as required to consider the fund as a long term bond fund.
The interest rate hedging of the portfolio should be in the interest of the investors.

Mutual Fund schemes may imperfectly hedge their portfolio or part of their portfolio using IRFs, subject to the following conditions:
i. Prior to commencement of imperfect hedging, existing schemes (schemes as on September 27, 2017) shall comply with the provisions of Regulation 18 (15A) of SEBI (Mutual Funds) Regulations, 1996 and all unit holders shall be given a time-period of at least 30 days to exercise the option to exit at prevailing NAV without charging of exit load.

The risks associated with imperfect hedging shall be disclosed and explained by suitable numerical examples in the offer documents and also needs to be communicated to the investors through public notice or any other form of correspondence.
ii. In case of new schemes (schemes launched on or after September 27, 2017), the risks associated with imperfect hedging shall be disclosed and explained by suitable numerical examples in the offer documents.

Disclosure of Derivative Positions:
In addition to the existing provisions, the mutual funds shall also make the following disclosures Separately disclose the hedging positions through IRF (both perfectly and imperfectly) in respective debt portfolios as per the prescribed format.
Investment in interest rate derivatives (both IRS/IRF) shall also be disclosed in the monthly portfolio disclosure in terms of Paragraph 5.1 of this Master Circular.
Disclosure of the details of interest rate derivatives (both IRS/IRF) used for hedging along with debt and money market securities transacted on its website and also forwarded to AMFI as per Paragraph 9.13 of this Master Circular.

Definition of Exposure in case of Derivative Positions
Each position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows:

Position	Exposure
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option bought	Option Premium Paid * Lot Size * Number of Contracts.

The provisions shall be applicable for all new schemes launched post August 18, 2010. For all existing schemes (as on August 18, 2010), compliance with the guidelines shall be effective from October 01, 2010.

Derivatives and Hedging Products

The scheme may use derivative instruments like Interest rate swaps, Forward rate agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing as may be permitted under the Regulations and Guidelines.

The sum total of derivative contracts outstanding shall not exceed 50% of the net assets of the scheme.

An interest rate swap is a financial contract between two parties exchanging a stream of interest payments for a notional principal amount on multiple occasions during a specified period.

Typically, one party receives a pre-determined fixed rate of interest while the other party, receives a floating rate, which is linked to a mutually agreed benchmark with provision for mutually agreed periodic resets.

The fund intends to use derivatives for hedging & portfolio balancing as permitted under the SEBI Regulations & Guidelines.

To hedge & balance the portfolio derivative instruments like interest rate swaps & forward rate agreements would be used to create synthetic fixed rate bonds/ floating rate bonds. We wish to submit that, creation of synthetic fixed rate bonds/floating rate bonds is a hedging and portfolio rebalancing technique.

An example is stated below to explain the said proposition.

Swaps can be used to create synthetic fixed rate instruments.

Let us take the example of a 3 Yr floating rate bond with a spread of 50 bps (basis points) over a benchmark. Ordinarily, this fetches the investor a yield of the benchmark (which is floating) plus 50 bps on an annualized basis. However, by receiving the 3 yr fixed rate on the swap side, what happens is that the bond gets converted into a fixed rate bond. Let us assume that the 3 yr swap on the same benchmark is received for the same principal amount at the rate 7.25%. Broadly then, the investor receives fixed cash flows of 7.25%, pays the floating benchmark rate, and receives the floating rate of the bond (which comprise the benchmark rate and the "spread" of 50 bps). The floating cash flows of the benchmark cancel each other out and the investor is left with a synthetic fixed rate bond yielding him 7.75% (7.25% plus the 'spread' of 50bps). Thus through the swap, the floating rate bond gets converted 'synthetically' into a fixed rate bond.

Accounts are generally settled on a net basis on predetermined settlement dates. Accordingly, on each agreed payment date, amounts owed by each party is calculated by applying the agreed rate i.e. fixed in one case and floating in the other, on the notional amount. The party, who owes the higher amount i.e. the difference between the interest rate amount and the floating interest rate amount or vice versa, makes a payment of the net amount, no principal amount is exchanged.

Generally, interest rate swaps involve exchange of a fixed rate to a floating rate of interest or vice versa. These are known as Plain Vanilla Swaps. The RBI has currently allowed only these swaps in the Indian market.

Example: The most common type of swaps is where one party agrees to pay a fixed rate of interest (fixed-rate payer) to the other party who agrees to pay a floating rate of interest (floating-rate payer). The payments are exchanged on designated dates during the life of the contract at agreed rates.

Suppose, the view on interest rate is that they would come down over the next three months if a particular investment is yielding a rate of return at 10% p.a. currently, the Fund Manager would like to lock-in this rate of return which in a downward interest rate scenario would appear attractive.

He, then, enters into a swap transaction with a counterparty that is willing to pay a fixed rate of 10% p.a. and accept a floating rate linked to say, MIBOR which would vary everyday but is currently at 7% p.a. The transaction would be represented thus:

Receives fixed rate@10% p.a.

NIMF Counterparty B

Pays Floating Rate MIBOR

Note

1. No principal amount is exchanged. A notional principal amount is agreed upon for interest calculation purposes.

2. Only the difference between the two rates is exchanged at agreed intervals or payment dates. When fixed interest rate amount is higher, the fixed rate payer pays the difference amount i.e. fixed interest rate amount minus the floating interest rate amount or vice-versa.

Interest Rate Futures:

An Interest Rate Futures ('IRF') contract is "an agreement to buy or sell a debt instrument at a specified future date at a price that is fixed today." The underlying security for Interest Rate Futures is either Government Bond or T-Bill. Interest Rate Futures are Exchange traded and standardized contracts based on 6 year, 10 year and 13 year Government of India Security and 91-day Government of India Treasury Bill (91DTB). These future contracts are cash settled. These instruments can be used for hedging the underlying cash positions. The overall gross exposure for a fund is computed as sum of exposure to equity, cash, debt instruments and derivatives (other than for hedging purposes) and it should not be more than 100%. Derivative position is considered to be for hedging purposes only if the following conditions are met:

1) **Perfect Hedging** - We hedge the underlying using IRF contract of same under lying.

2) **Imperfect hedging** - In case the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged, it would result in imperfect hedging.

Imperfect hedging using IRFs may be considered to be exempted from the gross exposure, up to maximum of 20% of the net assets of the scheme, subject to the following:

- Exposure to IRFs is created only for hedging the interest rate risk based on the weighted average modified duration of the bond portfolio or part of the portfolio.
- Mutual Funds are permitted to resort to imperfect hedging, without it being considered under the gross exposure limits, if and only if, the correlation between the portfolio or part of the portfolio (excluding the hedged portions, if any) and the IRF is at least 0.9 at the time of initiation of hedge. In case of any subsequent deviation from the correlation criteria, the same may be rebalanced within 5 working days and if not rebalanced within the timeline, the derivative positions created for hedging shall be considered under the gross exposure computed in terms of Paragraph 12.24.1 above. The correlation should be calculated for a period of last 90 days. Explanation: If the fund manager intends to do imperfect hedging up to 15% of the portfolio using IRFs on weighted average modified duration basis, either of the following conditions need to be complied with: (a) The correlation for past 90 days between the portfolio and the IRF is at least 0.9 or (b) The correlation for past 90 days between the part of the portfolio (excluding the hedged portions, if any) i.e. at least 15% of the net asset of the scheme (including one or more securities) and the IRF is at least 0.9.
- At no point of time, the net modified duration of part of the portfolio being hedged should be negative.
- The portion of imperfect hedging in excess of 20% of the net assets of the scheme should be considered as creating exposure and shall be included in the computation of gross exposure in terms of Paragraph 12.24.1 above.

Illustration of Hedge using Interest Rate Futures (IRF)

Security name	Amount (in Crs)	Price	MV (in Crs)	Modified duration	Weights	Weighted Modified duration
IGB 6.79% 2027	100	94.42	97.457	6.4147	0.40	2.5658
IGB 7.17% 2028	50	97.95	49.931	6.7562	0.20	1.3512
IGB 8.15% 2026	25	102.95	26.436	5.9738	0.10	0.5973
IGB 6.68% 2031	25	91.39	22.937	8.4743	0.10	0.8474
Cash	50		50			
IRF 6.79 2027		94.38		6.4147		
Total	250		246.80			5.3619

Assuming the Fund manager intends to hedge the portfolio using IRF and uses contracts on IGB 6.79% 2027 as it is most liquid.

The maximum short position that can be taken = (Portfolio modified duration* Market Value (MV) of portfolio)/Futures Modified duration* Future price/PAR)

The maximum short future position that can be taken based on the above portfolio using IRF (IGB 6.79% 2027) is 211.67 crores.

Illustration of Perfect & Imperfect Hedge Positions:

Case 1

Security name	Amount (in Crs)	Price	MV (in Crs)	90 day historical correlation to IRF 6.79% 2027	Comments
IGB 6.79% 2027	100	94.42	97.457	1	Perfect hedge
IGB 7.17% 2028	50	97.95	49.931	0.95	Imperfect hedge

IGB 8.15% 2026	25	102.95	26.436	0.85	Unhedge
IGB 6.68% 2031	25	91.39	22.937	0.75	Unhedge
Cash	50		50	-	Unhedge
IRF 6.79 2027	120	94.38	117.457		
Total	250		246.80		

- In the above example, IGB 7.17% 2028 is the only security which qualifies for the '**Imperfect Hedge**' as the correlation is more than 90% for the past 90 days. This would be exempted from the '**Gross Exposure**'.
- **Total Amount of Imperfect Hedge Allowed**: 20% of Net Assets of the scheme i.e. 20% * 250 crs = 50 crs.
- **Total Hedge allowed in the above indicative portfolio (Exempted from Gross Exposure):** Total 150 crs

  Perfect Hedge – 100 crs against 6.79 2027 underlying

  Imperfect Hedge – 50 crs against 7.17 2028 underlying
- **Total Hedge allowed in the above indicative portfolio (Subject to Gross Exposure):** Total 50 crs

  Imperfect Hedge – 50 crs against Cash & Cash Equivalents

Case 2

Security name	**Amount (in Crs)**	**Price**	**MV (in Crs)**	**90 day historical correlation to IRF 6.79% 2027**	**Comments**
IGB 6.79% 2027	100	94.42	97.457	1	Perfect hedge
IGB 7.17% 2028	30	97.95	29.235	0.95	Imperfect hedge
IGB 8.15% 2026	45	102.95	46.327	0.91	Imperfect hedge
IGB 6.68% 2031	25	91.39	22.937	0.85	Unhedge
Cash	50		50		Unhedge
IRF 6.79 2027	120	94.38	117.457		
Total	250		245.95		

- In the above example, IGB 7.17% 2028 & IGB 8.15% 2026 are the securities which qualifies for the '**Imperfect Hedge**' as the correlation is more than 90% for the past 90 days. This would be exempted from the '**Gross Exposure**'.
- **Total Amount of Imperfect Hedge Allowed**: 20% of Net Assets of the scheme i.e. 20% * 250 crs = 50 crs.
- **Total Hedge allowed in the above indicative portfolio (Exempted from Gross Exposure):** Total 150 crs

  Perfect Hedge – 100 crs against 6.79 2027 underlying

  Imperfect Hedge – 30 crs against 7.17 2028 underlying

  Imperfect Hedge – 20 Crs against 8.15% 2026 underlying
- **Total Hedge allowed in the above indicative portfolio (Subject to Gross Exposure) :** Total 50 crs

  Imperfect Hedge – 50 crs against Cash & Cash Equivalents

Forward Rate Agreements (FRAs)

A FRA is a financial contract between parties agreeing to exchange interest payments for a notional principal amount on settlement dates for a specified period from start date to maturity date.

A FRA enables parties to fix interest cost on a future borrowing or fix an interest rate for a future investment.

Hedging a future asset

Example: Suppose, NIMF has funds to invest after two months for a period of three months. The Fund Manager expects interest rates to soften in the next two months. He, therefore, would like to lock-in the interest rate today for his investment to be made after two months. The instrument in which he wishes to invest is a 91-day Treasury Bill at 8.25% p.a. He, therefore, enters into an agreement where he sells a 2 x 5 FRA for a notional principal amount. 2 represents the start date of the FRA and 5 represents the maturity date or end date.

The details will be as under

Asset : 91-day T' Bill

Tenor : 3 months commencing from 2 months from date of agreement.

Indicative 2 x 5 : 8.25% p.a.

Benchmark : 91-day T' Bill cut-off yield on the last auction preceding settlement date

So NIMF receives 8.25% p.a. on the notional amount on settlement date. Counterparty will receive 91-day T' Bill cut-off rate on the 91-day T' Bill auction, on the auction just preceding the settlement date.

Both, IRS and FRAs can be thus effectively used as hedging products for interest rate risks.

Risk Factors

Derivatives products carry the credit risk (risk of default by counterparty), market risk (due to market movements) and liquidity risk (due to lack of liquidity in derivatives).

1. No principal amount is exchanged. A notional principal amount is agreed upon for interest calculation purposes.
2. Only the difference between the two rates is exchanged at agreed intervals or payment dates. When fixed interest rate amount is higher, the fixed rate payer pays the difference amount i.e. fixed interest rate amount minus the floating interest rate amount or vice-versa.

The Scheme will comply with provisions specified in Clause 12.25 of SEBI Master Circular dated June 27, 2024 related to overall exposure limits as stated below

1. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme.
2. Mutual Funds shall not write options or purchase instruments with embedded written options.
3. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
4. Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.

Investment in overseas financial assets

SEBI vide its circular no. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 has issued guidelines pertaining to investments in overseas financial assets. Accordingly all the investments in ADRs/GDRs/Foreign Securities/Overseas ETFs shall be made in compliance with the above referred circular. It is the investment manager's belief that overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Offshore investment will be made subject to any/ all approvals / conditions thereof as may be stipulated by SEBI/ RBI/ other regulatory authorities. Ms. Kinjal Desai has been appointed as the Fund Manager for Overseas Investments, as prescribed in the aforesaid SEBI circular. The fund may, where necessary, appoint other intermediaries of repute as advisors, sub-custodians, etc. for managing and administering such investments. The fees and expenses of such appointment would be part of the recurring expenses of the scheme. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would include, besides the investments management fees, custody fees and costs, fees of appointed advisors and sub managers, transaction costs and overseas regulatory costs. Investment in foreign securities offers more opportunities and diversification for investments.

Advantages and Risks attached with investments in Overseas Financial Assets

It is AMC's belief that the investment in ADRs/GDRs/ overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks.

Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the schemes. Since the Scheme would invest only partially in ADRs/ GDRs/overseas securities, there may not be readily available and widely accepted benchmarks to measure performance of the Scheme.

1. To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI/RBI from time to time.
2. To the extent that the assets of the Schemes will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by the changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital also may be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of the other restrictions on investment.
3. Offshore investments will be made subject to any/all approvals, conditions thereof as may be stipulated by SEBI/RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The Fund may, wherever necessary, appoint other intermediaries of repute as advisors, custodian/sub-custodians etc. for managing and administering such investments.
4. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs, and overseas regulatory costs.

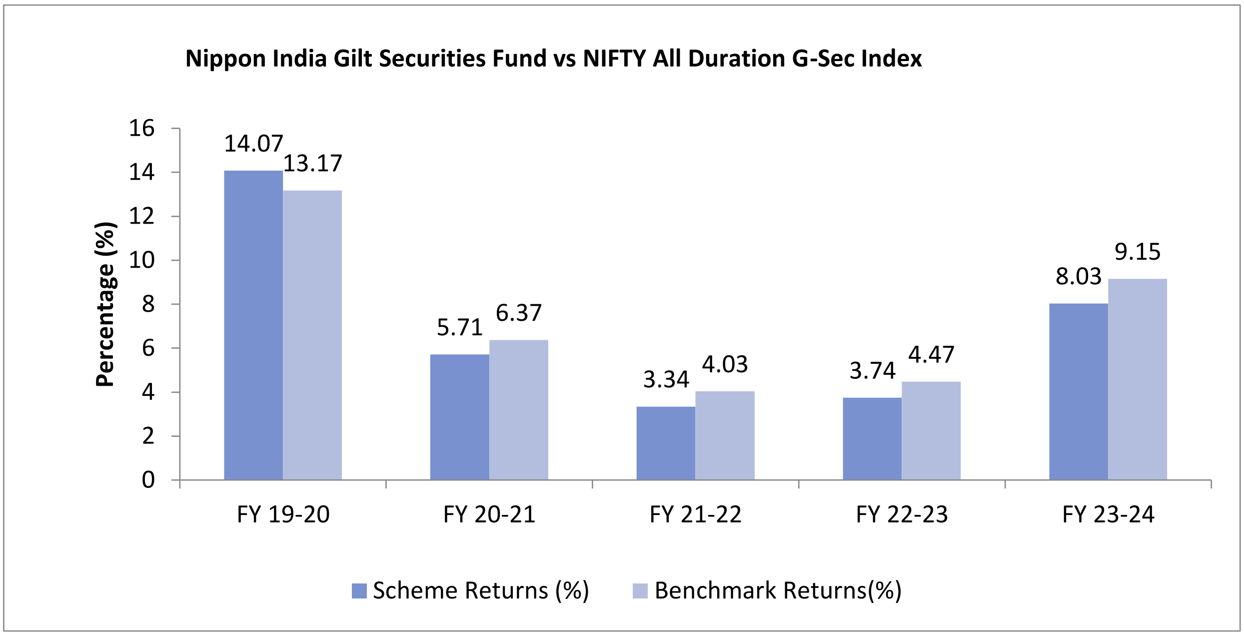
TER (as on September 30, 2024): 0.64

AUM (as on September 30, 2024): 1985.71 crores

Year Wise Performance (as on September 30, 2024):

Compounded Annualised Returns	**Scheme Returns %**	**Benchmark Returns %**
Returns for the last 1 year	10.31	11.14
Returns for the last 3 years	5.72	6.53
Returns for the last 5 years	6.34	7.00
Returns since inception (Allotment date August 22, 2008)	8.37	7.99

Absolute returns for each financial year for the last 5 years



Past performance may or may not be sustained in future

Calculation assume that all payouts during the period have been re-invested in the units of the scheme at the then prevailing NAV.

All the returns are of Growth Plan - Growth Option • Face Value of the Scheme is Rs. 10/- Per unit

Top 10 Holding/ link to Top 10 holding of the underlying fund:

https://mf.nipponindiaim.com/investor-service/downloads/scheme-information-document

6. **Nippon India Short Term Fund**

Scheme Name: Nippon India Short Term Fund

Details of Benchmark:

CRISIL Short Duration Debt A-II Index

The scheme intends to have similar instruments as constituted in the CRISIL Short Duration Debt A-II Index. The portfolios are similar not only in term of the construct but also in terms of risk return parameters in question. Using this benchmark shall provide the investor with an independent and representative comparison with the fund portfolio.

Investment Objective:

The primary investment objective of the scheme is to generate stable returns for investors with a short term investment horizon by investing in debt and money market instruments There is no assurance that the investment objective of the Scheme will be achieved.

Investment Strategy:

Nippon India Short Term Fund is an actively managed Fund and is positioned as an intermediate product positioned between the long term Income Fund (Nippon India Income Fund) and the very short term liquid Fund (Nippon India Liquid Fund). Accordingly, investments will be made mainly in short to medium term maturity debt instruments in line with the investment objective of the Scheme of achieving stable returns."

The fund management team will endeavor to maintain a consistent performance in the scheme by maintaining a balance between safety, liquidity and profitability aspects of various investments. The fund manager will try to achieve an optimal risk return balance for management of the fixed income portfolios.

The investments in debt instruments carry various risks like interest rate risk, liquidity risk, default risk, purchasing power risk etc. While they cannot be done away with, they can be minimized by diversification and effective use of hedging techniques.

The fund management team will take an active view of the interest rate movement by keeping a close watch on various parameters of the Indian economy, as well as developments in global markets.

Investment views / decisions will be taken on the basis of the following parameters:

1. Prevailing interest rate scenario
2. Quality of the security / instrument (including the financial health of the issuer)
3. Maturity profile of the instrument
4. Liquidity of the security

5. Growth prospects of the company / industry

6. Any other factors in the opinion of the fund management team

Investments may be in listed or unlisted debt instruments, as permitted under SEBI Regulations. These would cover secondary market purchases, Initial Public Offers (IPOs), other public offers, placements, rights offers, negotiated deals etc. Investments in debentures and bonds will usually be in instruments which have been assigned investment grade ratings by an approved rating agency. The instruments may be rated / unrated and listed / unlisted. In cases where the debt instrument is unrated, specific approval from the Investment Committee of NAM India shall be obtained.

Risk Measurement /Control

The Fund Management proposes to use analytic risk management tools like VAR / convexity/ modified duration for effective portfolio management.

Portfolio Turnover

The Investment Manager does not have a policy statement on portfolio turnover. It is presently anticipated that the portfolio turnover rate will be low. However, trading opportunities may emerge from time to time due to inefficiencies in the market causing the portfolio turnover rate to rise. A high portfolio turnover rate may be representative of arbitrage opportunities that exist for securities in the portfolio rather than an indication of the Investment Manager's view on a sector or security.

i. **Investors are requested to take note that in case the scheme invests in securitized debt**

Disclosures with respect to securitized debt

1. **How the risk profile of securitized debt fits into the risk appetite of the scheme**

Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income characteristics. The risk of investing in securitized debt is similar to investing in debt securities. However, it differs in following two majorly respects :-

Typically, the liquidity of securitized debt is less than similar debt securities. However, this is expected to change as SEBI has issued its guidelines on listing of securitized instrument and going forward, we expect more issuance of listed securitized debt. Currently, the fund manager normally buys these with the view to hold them till maturity. For the close ended scheme, the average tenor of the securitized debt would not exceed maturity of the Scheme / Plan / Fund. For open ended scheme, average maturity of the securitized debt will be in accordance, with the investment time horizon of such scheme, opportunities available in the market and interest rate views of the investment team.

For certain types of securitized debt (backed by mortgages, personal loans, credit card debt, etc.), there is an additional pre-payment risk. Pre-payment risk refers to the possibility that loans are repaid before they are due, which may reduce returns if the re-investment rates are lower than initially envisaged. The fund manager price the securitized debt accordingly to compensate for reinvestment risk.

Because of these additional risks, securitized debt typically offers higher yields than debt securities of similar credit rating and maturity. If the fund manager judges that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt according to the nature (open ended / close ended) of the scheme.

2. **Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc.**

Originators have been broadly categorized as follows:

i. PSU Banks;

ii. Private Banks;

iii. NBFC's with asset size of Rs. 1,000 crores and above; and

iv. NBFC's with asset size of below Rs. 1,000 crores.

Before the assessment of the structure is undertaken, the originators/ underlying issuers are evaluated on the following parameters:

- Track record - good track record of the originators/ underlying issuers or its group companies.
- illingness to pay - credible and strong management team.
- Ability to pay – good financials and business profile.
- Risk appraisal capabilities - strong and well defined risk assessment processes
- Business risk assessment of the originators based on the following factors:
  - Outlook for the economy (domestic and global)
  - Outlook for the industry
  - Company specific factors

Further, investments in securitized debt will be done in accordance with the investment restrictions specified under the Regulations / this Scheme Information Documents which would help in mitigating certain risks. Currently, as per the Regulations,

3. **Risk mitigation strategies for investments with each kind of originator**

Investments are based on assessment of following parameters, so as to mitigate risk associated with such investment:

a. Credit quality, size and reach of the originator

b. Nature of receivables/asset category i.e. cars, construction equipment, commercial vehicles, personal loans etc.

c. Collection process, infrastructure and follow up mechanism

d. Quality of MIS

e. Credit cum liquidity enhancement

f. Credit appraisal norms of originator

g. Asset Quality - portfolio delinquency levels

h. Past performance of rated pools

i. Pool Characteristics - seasoning, Loan-to value ratios, geographic diversity etc.

4. **The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments**

In retail securitized debt investments, we will invest majorly invest in pools such as Medium and Heavy Commercial Vehicles, Light 26 Commercial Vehicles (LCV), Cars, and Construction Equipment, SME/MSME pool, Unsecured pool, personal loan pool, Loan Against Property, Any other retail lending product etc. Where we invest in Single Loan Securitization, as the credit is on the underlying issuer, we focus on the credit review of the borrower. A credit analyst sets up limit for various issuers based on independent research taking into account their historical track record, prevailing rating and current financials.

Table 1: illustrates the framework that will be applied while evaluating investment decision relating to a securitization transaction:

"Characteristics/Type of Pool"	**"Mortgage Loan "**	**Commercial Vehicle and Construction Equipment**	**CAR**	**2Wheelers**	**Micro Finance**	**Personal Loans**	**Single Loan Sell Downs / Others**
Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)	In excess of 3%	In excess of 5%	In excess of 5%	In excess of 5%	In excess of 10%	In excess of 10%	Any Single Loan Sell Downs/ other class of securitised debt would be evaluated on a case by case basis
Average Loan to Value Ratio	85% or Lower	100% or lower	95% or Lower	95% or Lower	Unsecured	Unsecured	
Minimum Average seasoning of the Pool	3 months	3 months	3 months	3 months	1 month	1 month	
Maximum single exposure Range	5%	5%	1%	1%	< 1%	< 1%	
Average single exposure range	<5%	<5%	< 1%	< 1%	< 1%	< 1%	

5. **Minimum retention period of the debt by originator prior to securitization**

The Mutual Fund will follow the guidelines on minimum holding period requirements as laid down by SEBI and RBI from time to time.

6. **Minimum retention percentage by originator of debts to be securitized**

We will follow the guidelines on minimum holding period requirements as laid down by SEBI and RBI from time to time.

7. **The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund.**

Investments made by the Scheme in any asset are done based on the requirements of the Scheme and is in accordance with the investment policy. All Investments are made entirely at an arm's length basis with no consideration of any existing / consequent investments by any party related to the transaction (originator, issuer, borrower etc.). Investments made in Securitized debt are made as per the Investment pattern of the Scheme and are done after detailed analysis of the underlying asset. There might be instances of Originator investing in the same scheme but both the transactions are at arm's length and avoid any conflict of interest.

8. **In general, the resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt.**

As with any other debt instruments, investment in securitized debt instruments will be closely monitored by a dedicated team of credit analysts, ratings of any such instruments will be continuously tracked and periodic performance report from Trustee and MIS from Originators, if any would be scrutinized closely.

For details of securitized debt, please refer to SAI.

ii. **Disclosure of Trading in Derivatives**

For details of Derivatives Strategies, please refer to SAI

Derivatives and Hedging Products

The scheme may use derivative instruments like Interest rate swaps, Forward rate agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing as may be permitted under the Regulations and Guidelines.

The sum total of derivative contracts outstanding shall not exceed 50% of the net assets of the scheme.

An interest rate swap is a financial contract between two parties exchanging a stream of interest payments for a notional principal amount on multiple occasions during a specified period.

Typically, one party receives a pre-determined fixed rate of interest while the other party, receives a floating rate, which is linked to a mutually agreed benchmark with provision for mutually agreed periodic resets.

The fund intends to use derivatives for hedging & portfolio balancing as permitted under the SEBI Regulations & Guidelines.

To hedge & balance the portfolio derivative instruments like interest rate swaps & forward rate agreements would be used to create synthetic fixed rate bonds/ floating rate bonds. We wish to submit that, creation of synthetic fixed rate bonds/floating rate bonds is a hedging and portfolio rebalancing technique.

An example is stated below to explain the said proposition.

Swaps can be used to create synthetic fixed rate instruments.

Let us take the example of a 3 Yr floating rate bond with a spread of 50 bps (basis points) over a benchmark. Ordinarily, this fetches the investor a yield of the benchmark (which is floating) plus 50 bps on an annualized basis. However, by receiving the 3 yr fixed rate on the swap side, what happens is that the bond gets converted into a fixed rate bond. Let us assume that the 3 yr swap on the same benchmark is received for the same principal amount at the rate 7.25%. Broadly then, the investor receives fixed cash flows of 7.25%, pays the floating benchmark rate, and receives the floating rate of the bond (which comprise the benchmark rate and the “spread” of 50 bps). The floating cash flows of the benchmark cancel each other out and the investor is left with a synthetic fixed rate bond yielding him 7.75% (7.25% plus the ‘spread’ of 50bps). Thus through the swap, the floating rate bond gets converted ‘synthetically’ into a fixed rate bond.

Accounts are generally settled on a net basis on predetermined settlement dates. Accordingly, on each agreed payment date, amounts owed by each party is calculated by applying the agreed rate i.e. fixed in one case and floating in the other, on the notional amount. The party, who owes the higher amount i.e. the difference between the interest rate amount and the floating interest rate amount or vice versa, makes a payment of the net amount, no principal amount is exchanged.

Generally, interest rate swaps involve exchange of a fixed rate to a floating rate of interest or vice versa. These are known as Plain Vanilla Swaps. The RBI has currently allowed only these swaps in the Indian market.

Example

The most common type of swaps is where one party agrees to pay a fixed rate of interest (fixed-rate payer) to the other party who agrees to pay a floating rate of interest (floating-rate payer). The payments are exchanged on designated dates during the life of the contract at agreed rates.

Suppose, the view on interest rate is that they would come down over the next three months if a particular investment is yielding a rate of return at 10% p.a. currently, the Fund Manager would like to lock-in this rate of return which in a downward interest rate scenario would appear attractive.

He, then, enters into a swap transaction with a counterparty that is willing to pay a fixed rate of 10% p.a. and accept a floating rate linked to say, MIBOR which would vary everyday but is currently at 7% p.a. The transaction would be represented thus:

Receives fixed rate@10% p.a.

NIMF Counterparty B

Pays Floating Rate MIBOR

Note

1. No principal amount is exchanged. A notional principal amount is agreed upon for interest calculation purposes.
2. Only the difference between the two rates is exchanged at agreed intervals or payment dates. When fixed interest rate amount is higher, the fixed rate payer pays the difference amount i.e. fixed interest rate amount minus the floating interest rate amount or vice-versa.

Interest Rate Futures:

An Interest Rate Futures (‘IRF’) contract is “an agreement to buy or sell a debt instrument at a specified future date at a price that is fixed today.” The underlying security for Interest Rate Futures is either Government Bond or T-Bill. Interest Rate Futures are Exchange traded and standardized contracts based on 6 year, 10 year and 13 year Government of India Security and 91-day Government of India Treasury Bill (91DTB). These future contracts are cash settled. These instruments can be used for hedging the underlying cash positions. The overall gross exposure for a fund is computed as sum of exposure to equity, cash, debt instruments and derivatives (other than for hedging purposes) and it should not be more than 100%. Derivative position is considered to be for hedging purposes only if the following conditions are met:

1) Perfect Hedging - We hedge the underlying using IRF contract of same under lying.

2) Imperfect hedging - the Underlying being hedged and the IRF contract has correlation of more than 90% of closing prices for past 90 days. In case of correlation is below 90% at any time the same may be rebalanced within 5 working days and if not rebalanced within the timeline, the derivative position created for hedging would be counted as an exposure. SEBI allows maximum of 20% imperfect hedging, subject to applicable conditions mentioned in Clause 12.25.9 of SEBI Master Circular dated June 27, 2024.

Illustration of Hedge using Interest Rate Futures (IRF)

Security name	Amount (in Crs)	Price	MV (in Crs)	Modified duration	Weights	Weighted Modified duration
IGB 6.79% 2027	100	94.42	97.457	6.4147	0.40	2.5658
IGB 7.17% 2028	50	97.95	49.931	6.7562	0.20	1.3512
IGB 8.15% 2026	25	102.95	26.436	5.9738	0.10	0.5973
IGB 6.68% 2031	25	91.39	22.937	8.4743	0.10	0.8474
Cash	50		50			
IRF 6.79 2027		94.38		6.4147		
Total	250		246.80			5.3619

Assuming the Fund manager intends to hedge the portfolio using IRF and uses contracts on IGB 6.79% 2027 as it is most liquid.

The maximum short position that can be taken = (Portfolio modified duration* Market Value (MV) of portfolio)/Futures Modified duration* Future price/PAR)

The maximum short future position that can be taken based on the above portfolio using IRF (IGB 6.79% 2027) is 211.67 crores.

Illustration of Perfect & Imperfect Hedge Positions:

Case 1

Security name	Amount (in Crs)	Price	MV (in Crs)	90 day historical correlation to IRF 6.79% 2027	Comments
IGB 6.79% 2027	100	94.42	97.457	1	Perfect hedge
IGB 7.17% 2028	50	97.95	49.931	0.95	Imperfect hedge
IGB 8.15% 2026	25	102.95	26.436	0.85	Unhedge
IGB 6.68% 2031	25	91.39	22.937	0.75	Unhedge
Cash	50		50	-	Unhedge
IRF 6.79 2027	120	94.38	117.457		
Total	250		246.80		

- In the above example, IGB 7.17% 2028 is the only security which qualifies for the '**Imperfect Hedge**' as the correlation is more than 90% for the past 90 days. This would be exempted from the '**Gross Exposure**'.
- **Total Amount of Imperfect Hedge Allowed**: 20% of Net Assets of the scheme i.e. 20% * 250 crs = 50 crs.
- **Total Hedge allowed in the above indicative portfolio (Exempted from Gross Exposure):** Total 150 crs

  Perfect Hedge – 100 crs against 6.79 2027 underlying

  Imperfect Hedge – 50 crs against 7.17 2028 underlying
- **Total Hedge allowed in the above indicative portfolio (Subject to Gross Exposure):** Total 50 crs

  Imperfect Hedge – 50 crs against Cash & Cash Equivalents

Case 2

Security name	Amount (in Crs)	Price	MV (in Crs)	90 day historical correlation to IRF 6.79% 2027	Comments
IGB 6.79% 2027	100	94.42	97.457	1	Perfect hedge
IGB 7.17% 2028	30	97.95	29.235	0.95	Imperfect hedge
IGB 8.15% 2026	45	102.95	46.327	0.91	Imperfect hedge
IGB 6.68% 2031	25	91.39	22.937	0.85	Unhedge
Cash	50		50		Unhedge
IRF 6.79 2027	120	94.38	117.457		
Total	250		245.95		

- In the above example, IGB 7.17% 2028 & IGB 8.15% 2026 are the securities which qualifies for the '**Imperfect Hedge**' as the correlation is more than 90% for the past 90 days. This would be exempted from the '**Gross Exposure**'.
- **Total Amount of Imperfect Hedge Allowed**: 20% of Net Assets of the scheme i.e. 20% * 250 crs = 50 crs.
- **Total Hedge allowed in the above indicative portfolio (Exempted from Gross Exposure):** Total 150 crs

  Perfect Hedge – 100 crs against 6.79 2027 underlying

  Imperfect Hedge – 30 crs against 7.17 2028 underlying

  Imperfect Hedge – 20 Crs against 8.15% 2026 underlying
- **Total Hedge allowed in the above indicative portfolio (Subject to Gross Exposure) :** Total 50 crs

  Imperfect Hedge – 50 crs against Cash & Cash Equivalents

Case 3

Security name	Amount (in Crs)	Price	MV (in Crs)	90 day historical correlation to IRF 6.79% 2027	Comments
IGB 6.79% 2027	100	94.42	97.457	1	Perfect hedge
IGB 7.17% 2028	30	97.95	29.235	0.95	Imperfect hedge
IGB 8.15% 2026	45	102.95	46.327	0.85	Unhedge
IGB 6.68% 2031	25	91.39	22.937	0.75	Unhedge
Cash	50		50		Unhedge
IRF 6.79 2027	120	94.38	117.457		
Total	250		245.95		

- In the above example, IGB 7.17% 2028 is the security which qualifies for the '**Imperfect Hedge**' as the correlation is more than 90% for the past 90 days. This would be exempted from the '**Gross Exposure**'.
- **Total Amount of Imperfect Hedge Allowed:** 20% of Net Assets of the scheme i.e. 20% * 250 crs = 50 crs.
- **Total Hedge allowed in the above indicative portfolio (Exempted from Gross Exposure) :** Total 150 crs

  Perfect Hedge – 100 crs against 6.79 2027 underlying

Imperfect Hedge – 30 crs against 7.17 2028 underlying

(Here instead of taking 50 crs of IRF position towards imperfect hedge one can take only 30 crs worth of IRF position since the exposure in underlying security is worth 30 crs.)

- **Total Hedge allowed in the above indicative portfolio (Subject to Gross Exposure) :** Total 50 crs

Imperfect Hedge – 50 crs against Cash & Cash Equivalents

Forward Rate Agreements (FRAs)

A FRA is a financial contract between parties agreeing to exchange interest payments for a notional principal amount on settlement dates for a specified period from start date to maturity date.

A FRA enables parties to fix interest cost on a future borrowing or fix an interest rate for a future investment.

Hedging a future asset

Example: Suppose, NIMF has funds to invest after two months for a period of three months. The Fund Manager expects interest rates to soften in the next two months. He, therefore, would like to lock-in the interest rate today for his investment to be made after two months. The instrument in which he wishes to invest is a 91-day Treasury Bill at 8.25% p.a. He, therefore, enters into an agreement where he sells a 2 x 5 FRA for a notional principal amount. 2 represents the start date of the FRA and 5 represents the maturity date or end date.

The details will be as under

Asset : 91-day T' Bill

Tenor : 3 months commencing from 2 months from date of agreement.

Indicative 2 x 5 : 8.25% p.a.

Benchmark : 91-day T' Bill cut-off yield on the last auction preceding settlement date

So NIMF receives 8.25% p.a. on the notional amount on settlement date. Counterparty will receive 91-day T' Bill cut-off rate on the 91-day T' Bill auction, on the auction just preceding the settlement date.

Both, IRS and FRAs can be thus effectively used as hedging products for interest rate risks.

Risk Factors

Derivatives products carry credit risk (risk of default by counterparty), market risk (due to market movements) and liquidity risk (due to lack of liquidity in derivatives).

1. No principal amount is exchanged. A notional principal amount is agreed upon for interest calculation purposes.
2. Only the difference between the two rates is exchanged at agreed intervals or payment dates. When fixed interest rate amount is higher, the fixed rate payer pays the difference amount i.e. fixed interest rate amount minus the floating interest rate amount or vice-versa.
3. Hedging through derivatives may be rendered ineffective by the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

The Scheme will comply with provisions specified in Clause 12.25 of SEBI Master Circular dated June 27, 2024 related to overall exposure limits as stated below:

1. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme as per Clauses 12.24 and 12.25 of SEBI Master Circular dated June 27, 2024..
2. Mutual Funds shall not write options or purchase instruments with embedded written options.
3. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
4. Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.

Investment in overseas financial assets

SEBI vide its clause 12.19 of SEBI Master Circular dated June 27, 2024 has issued guidelines pertaining to investments in overseas financial assets. Accordingly all the investments in ADRs/GDRs/Foreign Securities/Overseas ETFs shall be made in compliance with the above referred circular. It is the investment manager's belief that overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Offshore investment will be made subject to any/ all approvals / conditions thereof as may be stipulated by SEBI/ RBI/ other regulatory authorities. Mr. Shiv Chanani has been appointed as the Fund Manager for Overseas Investments, as prescribed in the aforesaid SEBI circular. The fund may, where necessary, appoint other intermediaries of repute as advisors, sub-custodians, etc. for managing and administering such investments. The fees and expenses of such appointment would be part of the recurring expenses of the scheme. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would include, besides the investments management fees, custody fees and costs, fees of appointed advisors and sub managers, transaction costs and overseas regulatory costs. Investment in foreign securities offers more opportunities and diversification for investments.

Advantages and Risks attached with investments in Overseas Financial Assets

It is AMC's belief that the investment in ADRs/GDRs/ overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks.

Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the schemes. Since the Scheme would invest only partially in ADRs/ GDRs/overseas securities, there may not be readily available and widely accepted benchmarks to measure performance of the Scheme.

1. To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI/RBI from time to time.
2. To the extent that the assets of the Schemes will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by the changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital also may be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of the other restrictions on investment.
3. Offshore investments will be made subject to any/all approvals, conditions thereof as may be stipulated by SEBI/RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The Fund may, wherever necessary, appoint other intermediaries of repute as advisors, custodian/sub-custodians etc. for managing and administering such investments.
4. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs, and overseas regulatory costs.

TER (as on September 30, 2024): 0.37

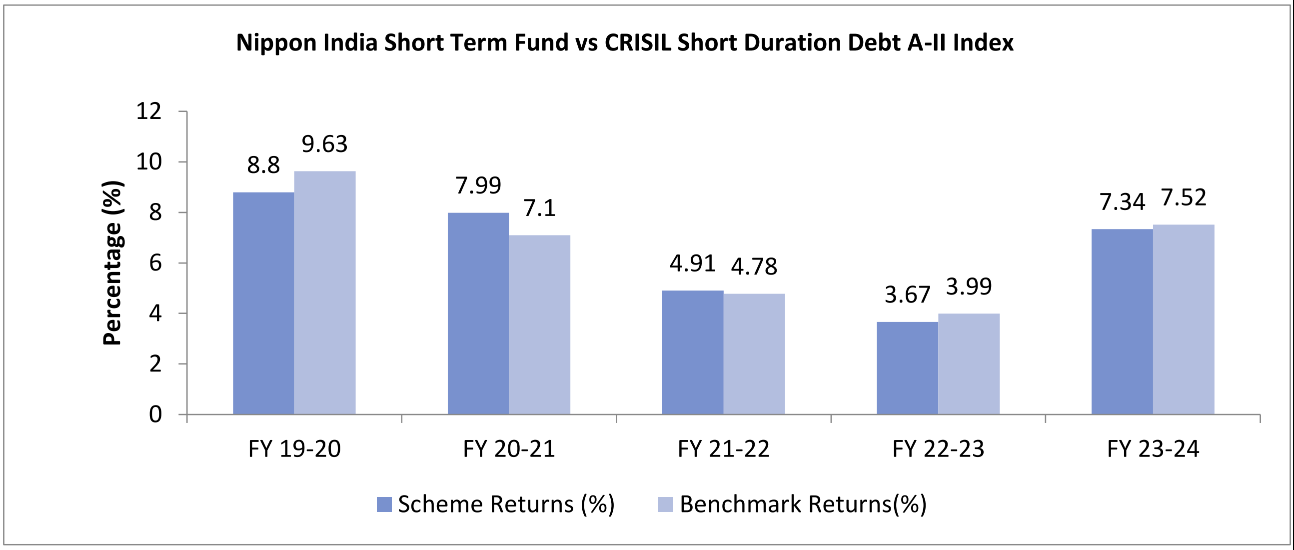
AUM (as on September 30, 2024): 7121.83 Crores

Year Wise Performance (as on September 30, 2024):

Compounded Annualised Returns	Scheme Returns %	Benchmark Returns %
Returns for the last 1 year	8.03	7.91

Returns for the last 3 years	5.63	5.80
Returns for the last 5 years	6.45	6.42
Returns since inception (Allotment date December 18, 2002)	7.62	7.63

Absolute returns for each financial year for the last 5 years



Past performance may or may not be sustained in future

Calculation assume that all payouts during the period have been re-invested in the units of the scheme at the then prevailing NAV.

All the returns are of Growth Plan - Growth Option

Face Value of the Scheme is Rs. 10/- Per unit

Top 10 Holding/ link to Top 10 holding of the underlying fund:

https://mf.nipponindiaim.com/investor-service/downloads/scheme-information-document

B. Periodic Disclosures such as Half yearly disclosures, half yearly results, annual report

Half yearly Disclosures: Portfolio / Financial Results This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.	**(i) Half Yearly disclosure of Un-Audited Financials for the Schemes of NIMF:** Before expiry of one month from the close of each half year i.e. on March 31 or September 30, the Fund shall host a soft copy of half – yearly unaudited financial results on the website of the NIMF i.e. https://mf.nipponindiaim.com and that of AMFI www.amfiindia. com. A notice advertisement communicating the investors that the financial results shall be hosted on the website shall be published in one national English daily newspaper and in a newspaper in the language of the region where the Head Office of the fund is situated. Please refer to the below link for Half Yearly disclosure of Un-Audited Financials: https://mf.nipponindiaim.com/investor-service/downloads/annual-half-yearly-reports https://mf.nipponindiaim.com/investor-service/quick-links/notice-addendum
Half Yearly disclosure of Scheme's Portfolio:	The fund shall disclose the scheme's portfolio in the prescribed format as on the last day of the Half year for all the Schemes of NIMF on or before the tenth day of the succeeding month or within such timelines and manner as prescribed by SEBI from time to time on the NIMF Website i.e. mf.nipponindiaim.com and AMFI site www.amfiindia.com In case of unitholders whose e-mail addresses are registered, the Mutual Funds/ AMCs shall send via email the half-yearly statement of scheme portfolio within 10 days from the close of each half-year respectively. AMC will provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder. Please refer to the below link for Half Yearly disclosure of Scheme's Portfolio: https://mf.nipponindiaim.com/investor-service/downloads/annual-half-yearly-reports https://www.amfiindia.com/investor-corner/online-center/portfoliodisclosure

Monthly Disclosure of Schemes' Portfolio Statement	The fund shall disclose the scheme's portfolio in the prescribed format as on the last day of the month for all the Schemes of NIMF on or before the tenth day of the succeeding month or within such timelines and manner as prescribed by SEBI from time to time on the NIMF Website i.e. https://mf.nipponindiaim.com and AMFI site www.amfiindia.com In case of unitholders whose e-mail addresses are registered, the Mutual Funds/ AMCs shall send via email both the monthly statement of scheme portfolio within 10 days from the close of each month respectively. AMC will provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder. Please refer to the below link for Monthly Disclosure of Schemes Portfolio Statement https://www.amfiindia.com/investor-corner/online-center/portfoliodisclosure https://mf.nipponindiaim.com/investor-service/downloads/factsheet-and-other-portfolio-disclosures
Annual Report	The scheme wise annual report shall be hosted on the website of the AMC and on the website of the AMFI soon as may be possible but not later than four months from the date of closure of the relevant accounting year. The AMC shall publish an advertisement every year in all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the scheme wise annual report on the website of the AMC. The AMC shall email the annual report or an abridged summary thereof to the unitholders whose email addresses are registered with the Fund. The unitholders whose e-mail addresses are not registered with the Fund are requested to update / provide their email address to the Fund for updating the database. Physical copy of scheme wise annual report or abridged summary shall be provided to investors who have opted to receive the same. AMC shall provide a physical copy of the abridged summary of the annual report, without charging any cost, on specific request received from a unitholder. As per regulation 56(3A) of the Regulations, copy of scheme wise Annual Report shall be also made available to unitholder on payment of nominal fees. Please refer to the below link for scheme annual report or abridged summary https://mf.nipponindiaim.com/investor-service/downloads/annual-half-yearly-reports https://www.amfiindia.com/investor-corner/online-center/schemewisereport https://mf.nipponindiaim.com/investor-service/quick-links/notice-addendum
Monthly & Annual Disclosure of Riskometer	In accordance with Clause 17.4 of SEBI Master Circular dated June 27, 2024. The Risk-o-meter shall have following six levels of risk: i. Low Risk ii. Low to Moderate Risk iii. Moderate Risk iv. Moderately High Risk v. High Risk and vi. Very High Risk The evaluation of risk levels of a scheme shall be done in accordance with the aforesaid circular. The fund shall communicate any change in risk-o-meter by way of Notice cum Addendum and by way of an e-mail or SMS to unitholder. Further Risk-o-meter of scheme shall be evaluated on a monthly basis and Risk-o-meter along with shall be disclosed on NIMF website and on AMFI website within 10 days from the close of each month. Additionally, NIMF shall disclose the risk level of all schemes as on March 31 of every year, along with number of times the risk level has changed over the year, on its website and AMFI website.
Disclosure of Benchmark Riskometer	Pursuant to Clause 5.16 of SEBI Master Circular dated June 27, 2024, the AMC shall disclose risk-o-meter of the scheme and benchmark in all disclosures including promotional material or that stipulated by SEBI wherever the performance of the scheme vis-à-vis that of the benchmark is disclosed to the investors in which the unit holders are invested as on the date of such disclosure.

Scheme Summary Document	The AMC has provided on its website a standalone scheme document for all the Schemes which contains all the details of the Scheme viz. Scheme features, Fund Manager details, investment details, investment objective, expense ratios, portfolio details, etc.

C. Transparency/NAV Disclosure (Details with reference to information given in Section I)

(a) The NAV will be calculated on every Business Day and uploaded on the AMFI website www.amfiindia.com and Nippon India Mutual Fund website i.e. https://mf.nipponindiaim.com by 10.00 a.m. on the next business day. Further, AMC shall extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.

If the NAVs are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs. In case of any delay, the reasons for such delay would be explained to AMFI and SEBI.

(b) The NAV of the Scheme will be calculated and declared by the Fund on every Working Day. The information on NAV may be obtained by the Unitholders, on any business day from the office of the AMC / the office of the Registrar in Hyderabad or any of the other Designated Investor Service Centres. Investors may also obtain information on the purchase /sale price for a given day on any Working Day from the office of the AMC / the office of the Registrar in Hyderabad/ any of the other Designated Investor Service Centres. Investors may also note that Nippon India Mutual Fund shall service its customers through the call center from Monday to Saturday between 8.00 am to 9.00 pm. However, 24x7 facility shall be available for addressing the queries through interactive voice response (IVR). Investors may also call Customer Service Centre at 1860-266-0111 (charges applicable), and Investors outside India can call at 91-22-69259696 (charges applicable).

(c) The AMC will disclose the Half-yearly Unaudited Financial Results in the prescribed format on the NIMF website i.e. https://mf.nipponindiaim.com and communicate to the Unit holders with such timelines as may be prescribed under the Regulations from time to time.

(d) Providing of the Annual Reports of the respective Schemes within the stipulated period as required under the Regulations.

(e) The AMC shall disclose the scheme's portfolio in the prescribed format as on the last day of the month/Half year for all the Schemes of NIMF on or before the tenth day of the succeeding month or within such timelines and manner as prescribed by SEBI from time to time on the NIMF Website i.e. https://mf.nipponindiaim.com and AMFI website www.amfiindia.com

The AMC shall communicate disclosure of Portfolio on a half-yearly basis to the Unit holders as may be prescribed under the Regulations from time to time.

(f) In case of unitholders whose e-mail addresses are registered, the Mutual Funds/ AMCs shall send via email both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month/ half-year respectively.

D. Transaction charges and stamp duty

Transaction charges – As per Notice cum Addendum dated May 08, 2024, there is discontinuation of payment of Transaction Charges to Distributors w.e.f from May 13, 2024.

Stamp duty charges

Clause no. 10.1 of SEBI Master Circular dated June 27, 2024, a stamp duty @ 0.005% of the transaction value would be levied on applicable mutual fund transactions, with effect from July 01, 2020

For details please refer SAI.

E. Associate Transactions- Please refer to Statement of Additional Information (SAI)

F. Taxation-

Taxation for Other than Equity Oriented Schemes

Nature of Income and Taxability	**Investors (Resident and Non-Resident)**
Tax on Income Distribution	**As per applicable rates**
Long Term Capital Gain* Listed & Unlisted Units	**12.50%**
Short Term Capital Gain	**As per applicable rates**

Note:

* For Investment made in Specified Mutual Fund Scheme on or after April 01, 2023, any capital gains would be considered as short term in nature and taxed as per applicable tax rates of the investor irrespective of the holding period of units.

"Specified Mutual Fund" means a Mutual Fund scheme which does not invest more than 35% in equity shares of domestic companies.

Note: The Finance Act of 2024 removed the indexation benefit available on long-term capital gains from other than equity-oriented mutual fund units.

For further details on Taxability please refer to clause of Taxation in the SAI.

G. Rights of Unitholders- Please refer to SAI for details

H. List of official points of acceptance:

For details please visit https://mf.nipponindiaim.com/investor-services/customer-service/locate-a-branch

I. Penalties, Pending Litigation or Proceedings, Findings of Inspections or Investigations Which Action May Have Been Taken Or Is In The Process Of Being Taken By Any Regulatory Authority

For details please visit https://mf.nipponindiaim.com/investor-service/downloads/scheme-information-document