

## STATEMENT OF ADDITIONAL INFORMATION

**Name of the Mutual Fund:** AlphaGrep Mutual Fund (referred as ‘**Mutual Fund**’)

**Name of Asset Management Company:** AlphaGrep Investment Management Private Limited (referred as “**AlphaGrep Investment Management**”)

**Corporate Identity Number:** U67100MH2021PTC358070

**Name of the Trustee Company:** AlphaGrep Mutual Fund Trustee Private Limited (referred as ‘**AlphaGrep Trustee**’)

**Corporate Identity Number:** U66190MH2025PTC455751

### INVESTMENT MANAGER

AlphaGrep Investment Management

**Registered Office:** Unit no. 12, A-05, 13th Floor, Parinee Crescenzo, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051.

### TRUSTEE COMPANY

AlphaGrep Trustee

**Registered Office:** 1408, B-Wing, 14th Floor, Parinee Crescenzo, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051.

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

This SAI is dated May 25, 2026.

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

### A. Constitution of the Mutual Fund

AlphaGrep Mutual Fund (referred as ‘the **Mutual Fund**’/ ‘**AlphaGrep Mutual Fund**’) has been constituted as a trust *vide* the trust deed dated October 8, 2025 (the “**Trust Deed**”), in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with AlphaGrep Securities Private Limited acting as the Sponsor (hereafter referred to as the “**Sponsor**”) and AlphaGrep Mutual Fund Trustee Private Limited as the Trustee Company of the Trust. The Trust Deed has been registered with the office of the Sub-Registrar at Mumbai under the Registration Act, 1908. The Mutual Fund has been registered with the Securities and Exchange Board of India (“**SEBI**”) on March 11, 2026, with Registration Code: MF/090/26/16.

No amendments to the Trust Deed shall be carried out without the prior approval of SEBI and Unitholders approval/ consent will be obtained where it affects the interests of Unit holders as per the procedure / provisions laid down in the Regulations and applicable laws.

### B. Sponsor

AlphaGrep Mutual Fund is sponsored by the Sponsor. The Sponsor is the Settlor of the Mutual Fund Trust. The Sponsor has entrusted a sum of INR 50,000/- (Indian Rupees Fifty Thousand only) to the Trustee Company as the initial contribution towards the corpus of the Mutual Fund.

The Sponsor, i.e., AlphaGrep Securities Private Limited (AGS) is a SEBI registered stock broking and a depository participant company bearing SEBI Registration number: INZ000007930. AGS is also a proprietary investment firm, focusing on quantitative automated trading on different asset classes on recognized stock exchanges. AGS continues to lead the industry analyst recognitions. At the heart of operations is our core engineering team, which owns the architecture, implementation, and optimization of the trading platform itself. This includes developing systems and tools to access market data, perform analysis, run trading simulations, order entry and management, real-time trade support, risk management and post-trade services.

AGS offers a wide range of products and services viz equity, derivatives, commodities, IPO's and depository participant services all under one roof, for the convenience and benefit of our customers. To ensure that we provide quality service, AGS focuses on niche clientele specifically focusing on institutional clients. AGS as part of its broking business model seeks to build quality clients and chooses to work with institutional clients.

#### Financial Performance of the Sponsor (past three years):

(INR In Crores)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024	Year ended March 31, 2023
Net Worth	1,337	1,025	869
Total Income	1,539	828	1,292
Profit after Tax	313	155	422
Assets Under Management (if applicable)	NA	NA	NA

### C. The Trustee

AlphaGrep Mutual Fund Trustee Private Limited (referred as the ‘**Trustee Company**’ or ‘**Trustee**’ or ‘**AlphaGrep Trustee**’), through its Board of Directors, shall discharge its obligations as trustee of AlphaGrep Mutual Fund. The Trustee Company ensures that the transactions entered into by the AMC are in accordance

with the SEBI (Mutual Funds) Regulations, 2026 (“SEBI MF Regulations” or “Regulations”) and will also review the activities carried on by the AMC.

The Trustee Company is a company incorporated under the Companies Act, 2013 having its registered office at 1408, B-Wing, 14th Floor, Parinee Crescenzo, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051, Maharashtra, India.

The brand name of ‘AlphaGrep’ is being used interchangeably for the AlphaGrep Mutual Fund, AlphaGrep AMC and AlphaGrep Trustee.

**i. Details of Trustee Company Directors:**

Name	Age (in years)	Qualification	Brief Experience
B G Srinath (Associate Director)	58	<ul style="list-style-type: none"> <li>• Fellow Member of the Institute of Chartered Accountants of India.</li> <li>• Bachelor of Commerce from Bangalore University.</li> </ul>	Mr. Srinath is a Fellow Member of the Institute of Chartered Accountants of India, with over 28 years of extensive experience in the financial services industry. His areas of expertise span finance, treasury, operations, client onboarding, legal and regulatory compliance, and risk management—particularly within stock broking, mutual fund distribution, wealth management, and insurance broking. A substantial part of his career has been devoted to senior leadership roles, including an 18-year tenure as Director and Chief Financial Officer of a leading pan-India retail broking firm. In this role, he was instrumental in shaping the company’s financial strategy and enhancing its governance framework. His responsibilities encompassed capital structuring, fund-raising, borrowings, credit ratings, treasury management, financial reporting, internal controls, and regulatory compliance. Mr. Srinath is recognized for his strategic insight and operational excellence, with a proven track record of aligning financial management with broader business goals. His leadership has consistently contributed to sustainable growth, strengthened financial resilience, and upheld sound fiscal governance across the organizations he has served.
Sumeet S Mitra (Independent Director)	47	<ul style="list-style-type: none"> <li>• Masters of Business Administration – Finance from the Institute of Chartered Financial Analysts of India (IBS Mumbai).</li> </ul>	Mr. Sumeet Mitra is a seasoned professional with a robust background spanning finance, law, and strategic advisory. He is an MBA in Finance from IBS Mumbai, LLB and B.Com. He has over 17 years of experience which includes significant leadership roles, notably as the Managing Director for Taurus Sage Funds Management LLP since 2019, advising

Name	Age (in years)	Qualification	Brief Experience
		<ul style="list-style-type: none"> <li>• L.L.B. from GJ Advani Law College, University of Mumbai.</li> <li>• Bachelor in Commerce from Narsee Monjee College, University of Mumbai.</li> </ul>	<p>Taurus Investment Holdings India on financial closure and structuring for large-scale real estate developments in India. He is also the Founder of Jupiter Capital Advisory, specializing in management consulting, capital raising and strategic financial advisory.</p>
Rajesh Kandwal (Independent Director)	66	<ul style="list-style-type: none"> <li>• Post-Graduate of Science from University of Delhi.</li> <li>• Bachelor of Science from University of Delhi.</li> <li>• Certificate Course in German from University of Delhi.</li> <li>• Diploma in Industrial Relation and Personnel Management from Bharatiya Vidya Bhawan.</li> <li>• Certified Corporate Director from the Institute of Directors, Delhi.</li> <li>• Fellow of Insurance Institute of India, Mumbai.</li> </ul>	<p>Mr. Rajesh Kandwal is a Postgraduate of Science, he is also a Certified Corporate Director and a Fellow of the Insurance Institute of India. He has over three decades of experience including senior leadership roles within the financial and insurance sectors. He has served as Director and Chief Executive Officer at LICHFL Care Homes Limited. He was also a Managing Director &amp; CEO of LIC (International) B.S.C., Bahrain where he was instrumental in the company's dramatic growth, leading it to double its total assets to over USD 2 billion within four years. Previously, as Executive Director at the Life Insurance Corporation of India (LIC), he achieved successful execution of New Brand Identity Programme, one of the largest Meal Voucher Scheme and opening of Representative Office at Singapore.</p>
Nitika Agarwal (Independent Director)	51	<ul style="list-style-type: none"> <li>• Bachelors of Arts – Economics (Hons.) from University of Rajasthan.</li> <li>• Post Graduate Diploma in Management (Finance) from SP Jain Institute of Management and Research, Mumbai.</li> </ul>	<p>Ms. Nitika Agarwal is a highly experienced finance and investment professional holding a B.A. in Economics (Honors) from the University of Rajasthan and a Post Graduate Diploma in Management (Finance) from S.P. Jain Institute of Management and Research.</p> <p>Her career is marked by senior roles in investment and financial advisory. She currently serves as the Principal and Head of Investments at Pegasus Fininvest Advisory Private Limited, a Category 2 AIF, where she is responsible for deal sourcing, investment, and portfolio management. She also serves as an</p>

Name	Age (in years)	Qualification	Brief Experience
			<p>Independent Director for a leading rigid packaging company.</p> <p>Earlier, as a Partner at Successroute India Financial Advisors LLP, she managed over USD 2.5 billion in Non-Performing Loan asset sales and provided strategic advisory for mid-market M&amp;A and IBC resolutions.</p> <p>Her earlier experience includes Vice President roles in investment banking at Advisory &amp; Analytics India Economic Ventures Private Limited and Edelweiss Capital Limited.</p>

**ii. Rights, Obligations, Responsibilities and Duties of the Trustee Company under the Trust Deed and the SEBI MF Regulations**

Pursuant to the Trust Deed dated October 8, 2025 and in accordance with the terms of the SEBI MF Regulations, the rights, obligations, responsibilities and duties of the Trustee Company are as under:

1. The Trustee Company and the AMC have entered into an Investment Management Agreement with the prior approval of SEBI.
2. The Investment Management Agreement contains clauses as are mentioned in the Third Schedule of the SEBI MF Regulations and such other clauses as are necessary for the purpose of making investments.
3. The Trustee Company shall ensure that the AMC has the necessary expertise, internal control systems and risk management mechanism to invest and manage assets of the Mutual Fund.
4. The Trustees shall ensure that the AMC shall comply with such other requirements related to risk management, investor protection, disclosures and reporting, as may be specified by SEBI from time to time.
5. The Trustees shall ensure that the AMC establishes systems and submits reports and information that the Trustees may require in discharging their responsibility under the SEBI MF Regulations including matters relating to:
  - i. Prevention and oversight of mis-selling;
  - ii. Prevention and oversight of undue influence of Sponsor;
  - iii. Ensuring adequate systems are in place to prevent misconduct including market abuse; and
  - iv. Addressing potential conflict of interest.
6. Where the Trustees have reason to believe that the conduct of business of the AMC is not in accordance with the SEBI MF Regulations, the contraventions by the AMC and remedial action taken by the Trustees shall immediately be informed to SEBI.
7. The Trustee Company may terminate the assignment of the AMC, with the prior approval of SEBI, under the following circumstances:
  - The Trustees own accord, if they have reasons to believe that the affairs of the AMC are being conducted in contravention to the provisions of the SEBI MF Regulations; or

- If requested by the AMC.
8. The Trustees shall take all necessary measures as they deem necessary to ensure that any conflict of interest involving the AMC is effectively addressed and such measures shall include:
    - (a) conducting a quarterly review of reports submitted by the AMC on transactions between the Mutual Fund and the AMC or its associates;
    - (b) ensuring that the AMC does not grant unfair advantage to its associates or engage in transactions that may prejudice the interests of unitholders;
    - (c) ensuring that the AMC manages each Mutual Fund scheme independently of its other business activities, and adopts safeguards to ensure fair and equitable treatment of investors across all schemes, without compromising the interests of one scheme for another or for its other businesses; and
    - (d) approving broker empanelment policy of the AMC and ensuring that brokers are empaneled after requisite due diligence, and that broker transactions are monitored to avoid undue concentration of business or unfair advantage to any associate or group entity.
  9. The Trustees shall ensure that the AMC adheres to the Code of Conduct applicable to it and all activities of the Mutual Fund are in accordance with the provisions of the SEBI MF Regulations.
  10. The Trustee Company shall have a right to obtain from the AMC such information as is considered necessary by the Trustee Company.
  11. The Trustee Company shall ensure that the transactions under the Mutual Fund schemes are in accordance with the provisions of the SEBI MF Regulations and the Trust Deed, and the AMC makes investments only in permissible instruments, in compliance with the SEBI MF Regulations and in alignment with the stated investment objectives of each scheme.
  12. The Trustee Company shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unitholders in accordance with the Regulations and the provisions of the Trust Deed.
  13. The Trustee Company shall ensure that the AMC complies with the obligations under regulation 22 of SEBI MF Regulations.
  14. The Trustee Company shall obtain the consent of the unitholders of the scheme:
    - a) Whenever required to do so by SEBI for the benefit of the unitholders; or
    - b) Whenever required to do so, on the requisition made by three-fourths of the unitholders of any scheme under the Mutual Fund; or
    - c) When the majority of the directors of the Trustee Company decide to wind up the scheme or prematurely redeem the units of a close ended scheme.
  15. The Trustees shall appoint an auditor, who is not in any manner associated with the auditor of the AMC, for audit of annual statement of accounts of Mutual Fund schemes.
  16. The Trustee Company shall:
    - a) Periodically review the investor complaints received and the redressal of the same by the AMC.
    - b) Call for the details of transactions in securities by the key personnel of the AMC in his own name or on behalf of the AMC and shall report to SEBI, as and when required.
    - c) Quarterly review the net worth of the AMC to ensure compliance with the threshold on a continuous basis.
    - d) Periodically review all service contracts such as custody arrangements and satisfy itself that such contracts are executed in the interest of the unitholders.
    - e) Abide by the Code of Conduct as specified in the Fourth Schedule – PART A of the Regulations.
    - f) Review the details of securities transactions filed by directors of the AMC on a quarterly basis.

- g) Be bound to make such disclosures to the Unitholders as are essential in order to keep them informed about any information, which may have an adverse bearing on their investments.
17. The Trustee Company shall furnish to SEBI on a half-yearly basis,
- a) A report on the activities of the Mutual Fund.
  - b) A certificate stating that the Trustee Company has satisfied itself that there have been no instances of self-dealing or front running by any of the director of the Trustee Company, directors and key personnel of the AMC.
  - c) A certificate to the effect that the AMC has been managing the schemes independently of any other activities, and any conflicts were addressed to protect unitholders' interests. .
18. The independent Directors of the Trustee Company shall review and give their comments on the reports received from the AMC regarding the investments by the Mutual Fund in the securities of group companies of the Sponsor.
19. Additionally, the Sponsor and the Trustee acting jointly shall be entitled by one or more Deed/s supplemental to the Trust Deed to modify, alter or add to the provisions of the Trust Deed in such manner and to such extent as they may consider expedient for any purpose, provided that:
- (i) no such modification, alteration or addition shall be made without the prior approval of the Unit holders and SEBI;
  - (ii) no such modification, alteration or addition shall impose upon any Unit holder any obligation to make any further payment in respect of his Units or to accept any liability in respect thereof;
  - (iii) The Trustee Company shall, if required to do so by SEBI, as soon as practicable after any modification or alteration of or addition to the provisions of this Trust Deed, give Notice of such modification, alteration or addition to the Unit holders.
20. The independent directors shall pay specific attention to the following, as may be applicable, namely:
- a) the Investment Management Agreement and the compensation paid under the agreement;
  - b) fees and service contracts with associates, whether the AMC has charged higher fees than outside contractors for the same services;
  - c) securities transactions involving associates to the extent such transactions are permitted;
  - d) selecting and nominating individuals to fill independent directors' vacancies;
  - e) code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions;
  - f) the reasonableness of fees paid to the Sponsor, the AMC and any others for services provided; and
  - g) any service contract with the associates of the AMC.
21. The Trustee Company shall exercise due diligence as under:
- a) General Due Diligence:**
- (i) The Trustee Company shall be discerning in the appointment of the directors on the Board of the AMC.
  - (ii) The Trustee Company shall review the desirability or continuance of the AMC if substantial irregularities are observed in any of the schemes of the Mutual Fund and shall not allow the AMC to float new schemes until such irregularities are resolved.
  - (iii) The Trustee Company shall ensure that the trust property is adequately protected, held and administered by proper persons and by a proper number of such persons.
  - (iv) The Trustee Company shall ensure that all service providers engaged for rendering services to the Mutual Fund are holding appropriate registrations from SEBI or concerned regulatory authority.
  - (v) The Trustee Company shall arrange for test checks of service contracts relating to key service providers whose services, functions, operations and access to information/assets is critical to, or could materially influence the protection of investor interests.
  - (vi) The Trustee Company shall immediately report to SEBI of any special developments in the Mutual Fund.

**b) Specific Due Diligence:**

- (i) The Trustee Company shall obtain internal audit reports at regular intervals from independent auditors appointed by the Trustee Company.
  - (ii) The Trustee Company shall obtain compliance certificates at regular intervals from the AMC.
  - (iii) The Trustee Company shall periodically meet and review reports and functioning of the AMC to ensure compliance with the Regulations.
  - (iv) The Trustee Company shall maintain records of the decisions taken at its meetings and of the minutes of the meetings.
  - (v) The Trustee Company shall prescribe and adhere to a code of ethics by the Trustees, the AMC and its personnel.
  - (vi) Communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.
22. The Trustee Company shall also exercise due diligence on such matters as may be specified by the SEBI from time to time.
23. Notwithstanding anything contained in the Regulations, the Directors of the Trustee Company shall not be held liable for acts done in good faith, if they have exercised adequate due diligence honestly.

**Core responsibilities of the Trustees**

- a. The Trustee Company shall ensure the fairness of the fees and expenses charged by the AMC.
- b. The Trustee Company shall review the performance of AMC in its schemes vis-à-vis performance of peers or the appropriate benchmarks.
- c. The Trustee Company shall ensure that the AMC has put in place adequate systems to prevent mis-selling to increase assets under their management and valuation of the AMC.
- d. The Trustee Company shall ensure that operations of AMC are not unduly influenced by the Sponsor, its associates and other stakeholders of the AMC.
- e. The Trustee Company shall ensure that undue or unfair advantage is not given by AMC to any of its associates/group entities.
- f. The Trustee Company shall be responsible to address conflicts of interest, if any, between the shareholders/stakeholders/associates of the AMC and unitholders.
- g. The Trustee Company shall ensure that the AMC has put in place adequate systems to prevent misconduct including market abuse/misuse of information by the employees, AMC and connected entities of the AMC.
- h. The Trustees shall take steps to ensure that there are system level checks in place at AMCs' end to prevent fraudulent transactions including front running by employees, form splitting/ mis-selling by distributors etc. The Trustees shall review such checks periodically.

The Trustee Company and their resource persons shall independently evaluate the extent of compliance by AMCs vis-à-vis the identified key areas and not merely rely on AMCs' submissions /external assurances. In this regard, the Trustee Company may rely on professional firms such as Audit Firms, Legal Firms, Merchant Bankers, etc. (collectively referred to as "**third party fiduciaries**") for carrying out due diligence on behalf of the Trustee Company.

The Trustee Company shall ensure that suitable mechanisms/systems are put in place by the AMC to generate system-based information/data/reports for evaluation and effective due diligence by the Trustees. The Trustees shall also ensure that the AMC periodically review such systems.

The Trustee Company shall require the AMCs to furnish, in a true and fair manner, reports and alerts based on pre-decided parameters including but not limited to the areas specified as core responsibilities, for taking appropriate action.

The Trustee Company shall periodically review the steps taken by AMCs for folios which do not contain all the Know Your Client (KYC) attributes / updated KYC attributes and ensure that the AMCs take remedial steps necessary for updating the KYC attributes especially pertaining to bank details, PAN, mobile phone number.

**Supervisory Role of the Trustee:**

The supervisory role of Trustee will be discharged inter alia by reviewing the information and operations of the Mutual Fund based on the internal audit reports/compliance reports received on a periodical basis.

The Board Meeting of the Trustee shall be held at least once in every quarter and at least four meetings in every financial year or at such frequency as may be prescribed under the Regulations. The quorum for a Board meeting of the Trustee shall not be constituted unless such number of independent directors as may be prescribed under the Regulations from time to time are present at the meeting.

There were four meetings of Board of Directors of Trustees held during the period from September 1, 2025, to March 31, 2026.

**II. Asset Management Company**

AlphaGrep Investment Management Private Limited (referred as ‘the AMC’ or ‘AlphaGrep Investment Management’) is a private limited company incorporated under the provisions of the Companies Act, 2013 on March 30, 2021, having its registered office at Unit no. 12, A-05, 13th Floor, Parinee Crescenzo, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051. AlphaGrep Investment Management Private Limited has been appointed as the Asset Management Company of AlphaGrep Mutual Fund by the Trustee Company *vide* Investment Management Agreement dated October 13, 2025 (the “IMA”), executed between the Trustee Company and the AMC. AlphaGrep Investment Management Private Limited also serves as the asset management company to AlphaGrep Mutual Fund.

In terms of the IMA, the AMC has assumed day to day investment management of the Mutual Fund and in such capacity, makes investment decisions and manages the schemes of the Mutual Fund in accordance with the objectives of the schemes, the Trust Deed, the IMA and the Regulations and guidelines issued in this regard.

The AMC is a SEBI-registered Portfolio Manager, holding registration number INP000007401, and has been registered as a Portfolio Manager since March 30, 2022. Additionally, the AMC also acts as the Investment Manager of AlphaMine AIF (Trust), which is registered with SEBI as a Category III AIF, bearing registration number IN/AIF3/21-22/0948, effective November 11, 2021. The AMC is also registered as a Fund Management Entity (FME) under the IFSCA (Fund Management) Regulations, 2025, bearing registration number IFSCA/FME/II/2022-23/044, effective October 20, 2022.

As on March 31, 2026, equity share holding pattern of the AMC was as follows:

<b>Particulars</b>	<b>% of the paid-up equity share capital</b>
AlphaGrep Securities Private Limited (Sponsor)	89.89%
Others	10.11%

**i. Details of AMC Directors:**

Name	Age (in years)	Qualification	Brief Experience
Ajay Seth (Independent Director)	66	<ul style="list-style-type: none"> <li>• Chartered Accountant from Institute of Chartered Accountants of India.</li> <li>• Bachelor of Commerce (Hons.) from Delhi University.</li> </ul>	<p>Mr. Ajay Seth is a highly accomplished financial expert, being Chartered Accountant and a B.Com (Hons) from Delhi university. Mr. Seth's professional experience, spanning over four decades is primarily with Maruti Suzuki India limited, JCB India limited and Escorts limited. He served as the chief financial officer and a member of Executive board at Maruti Suzuki during his tenure from April 2005 to February 2025, where he was responsible for the entire finance and strategy role. His significant achievements during his tenure included managing a huge treasury portfolio, leading two major mergers, driving digital and operational transformation, managing investor relations and increasing the company market capitalisation. Since March 2025 he has acted as a principal consultant advising on M&amp;A, cost optimisation, sustainability projects (including carbon net-zero strategies) and providing advisory to impact fund along with training on financial prudence.</p>
Jignesh Modi (Independent Director)	49	<ul style="list-style-type: none"> <li>• Bachelor of Commerce from Mumbai University.</li> <li>• Associate Company Secretary from Institute of Company Secretaries of India.</li> <li>• Bachelor of Law from Mumbai University.</li> </ul>	<p>Mr. Jignesh Modi is a seasoned professional with over 25 years of experience, including 17 years in the financial services industry, where he has specialized in regulatory compliance, corporate governance, and legal advisory functions. He holds a Bachelor of Commerce degree, an Associate Company Secretary qualification from the Institute of Company Secretaries of India (ICSI), and a Bachelor of Law (General) degree from Mumbai University. Throughout his career, Mr. Modi has played a pivotal role in ensuring adherence to regulatory frameworks such as SEBI Mutual Fund Regulations, SEBI Portfolio Management Services Regulations, SEBI Alternative Investment Fund Regulations, SEBI Investment Advisor Regulations, SEBI Custody Regulations, FPI Regulations and IFSCA Regulations applicable to Fund Management Entities in GIFT City. He has held leadership positions in prominent organizations including 360 ONE Asset Management Company, L&amp;T Investment Management, SBI SG Global Securities Services, and Canara Robeco AMC, where he consistently served as the designated</p>

Name	Age (in years)	Qualification	Brief Experience
			Compliance Officer. In these roles, he managed group-level and mutual fund compliances, advised on regulatory matters, and contributed to key regulatory committees and reinforcing governance standards across the institutions he has been associated with.
Bhautik Ambani (Associate Director and Chief Executive Officer)	42	<ul style="list-style-type: none"> <li>• Master of Business Administration in Finance from SP Jain Institute of Management, Mumbai.</li> <li>• Bachelor of Management Studies from Mithibhai College, Mumbai.</li> </ul>	Mr. Bhautik Ambani currently serves as the CEO and Director of the Company, where he is responsible for the firm's strategic direction, operations, investments, and business growth. Prior to joining AlphaGrep, Mr. Bhautik was the Executive Director at Avendus Capital Public Markets Alternate Strategies LLP. Being a founding member of the team, he was responsible for fund raising and strategy. At Avendus, he was instrumental in growing the business to the largest onshore hedge funds in India. He was recognized as one of the most promising professionals in India in the "40 under 40" category by IAAIF and AIWMI. He was also associated with Ambit Capital, Kotak Wealth Management, and Mirae Asset, in various capacities and positions of leadership. He holds an MBA in Finance from SP Jain Institute of Management and a Bachelor of Management Studies.
Praveen Kumar (Associate Director)	41	<ul style="list-style-type: none"> <li>• Bachelor of Technology from IIT Kharagpur.</li> <li>• Post Graduation from IIM Calcutta.</li> </ul>	Mr. Praveen Kumar is BTech from IIT Kharagpur and Postgraduate from IIM Calcutta. He is a highly experienced professional in the finance and financial services sector, recognized as one of the most promising professionals in India in the "40 under 40" category by IAAIF and AIWMI. He has over 17 years of experience in quantitative finance, including a significant tenure at Edelweiss Securities Private Limited where he was instrumental in setting up and scaling the proprietary quantitative trading team, and an Associate Director role at Edelweiss Asset Management Limited, where he focused on incorporating quantitative techniques across MFs and AIFs. Since December 2020, he has been with AlphaGrep entities, currently serving as a Director at AlphaGrep Investment Management Private Limited. He is responsible for designing investment products, strategies, and designing risk frameworks for various products.

**ii. Duties and Obligations of the AMC as specified in the Regulations:**

1. The AMC shall ensure that all its activities adhere to the SEBI MF Regulations including taking all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any Mutual Fund scheme is not contrary to the provisions of the Regulations, circulars/ and guidelines and the Trust Deed.
2. The AMC shall exercise due diligence and reasonable care in all its investment decisions as would be exercised by other persons engaged in the same business.
3. The AMC shall obtain, wherever required under the Regulations, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed.
4. The AMC shall be responsible for the acts of commission or omission by its employees or the persons whose services have been procured by the AMC, where such act or omission is committed in the course of carrying out functions under the Regulations and involve negligence, breach of duty or failure to comply with applicable law.
5. The AMC may request the Trustees for termination of the assignment of the AMC at any time. Provided that such termination shall become effective only after the Trustees have accepted the termination of assignment and communicated their decision in writing to the AMC.
6. Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of liability to the Mutual Fund for their acts of commission or omission, while holding such position or office.
7. The Chief Executive Officer of the AMC shall ensure that the Mutual Fund complies with all the provisions of the Regulations and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the Unitholders and shall also be responsible for the overall risk management function of the Mutual Fund.
8. The Chief Executive Officer shall also ensure that the AMC has adequate systems in place to ensure that the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fourth Schedule of the Regulations are adhered to in letter and spirit. Any breach of the said Code of Conduct shall be brought to the attention of the Board of Directors of the AMC and the Trustee Company.
9. The fund managers (whatever the designation may be including the Chief Investment Officer) shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme, are in the interest of the Unitholders and in compliance with the provisions of the Regulations and related guidelines and circulars.
10. The fund managers (whatever be the designation including the Chief Investment Officer) shall abide by the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fourth Schedule of the Regulations and submit a quarterly self-certification to the Trustees that they have complied with the said code of conduct or list exceptions, if any.
11. The dealers (whatever be the designation) shall ensure that orders are executed on the best available terms, taking into account the relevant market at the time for transactions of the kind and size concerned to achieve the objectives of the scheme and in the best interest of all the unit holders.
12. The dealers (whatever be the designation) shall abide by the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fourth Schedule of the Regulations and submit a quarterly self-certification to the Trustees that they have complied with the said code of conduct or list exceptions, if any.

13. The employees of the AMC shall not render, directly or indirectly any investment advice about any security in the publicly accessible media, whether real-time or non-real-time, unless a disclosure of his interest including long or short position in the said security has been made, while rendering such advice. Provided that in case of rendering investment advice, he/she shall also disclose the interest of his dependent family members and the employer including their long or short position in the said security, while rendering such advice.
14. The AMC shall ensure that the purchase or sale of securities through any stock broker that is an associate of the Sponsor does not, on average, exceed five percent of the aggregate value of securities purchased or sold by the Mutual Fund across all its schemes. The limit specified shall apply for each block of three months and shall exclude transactions relating to the sale and distribution of units issued by the Mutual Fund.
15. The AMC may undertake purchase or sale of securities through a stock broker which is not an associate of the Sponsor in excess of five percent of the aggregate value of securities transacted by the Mutual Fund across all its schemes, provided that the justification for exceeding the limit is recorded in writing and reported to the Trustees on a quarterly basis. The limit specified shall apply for each block of three months and shall exclude transactions relating to the sale and distribution of units issued by the Mutual Fund.
16. The AMC shall not utilise the services of the Sponsor or any of their associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities.  
Provided that the AMC may utilise such services if disclosure to that effect is made to the unitholders and the brokerage or commission paid is also disclosed in the half yearly and annual accounts for the Mutual Fund.  
Provided further that the Mutual Fund shall disclose at the time of declaring half yearly & yearly results:
  - a) Subscription by the schemes in the issues lead managed by associate companies,
  - b) Subscription of any issue of equity or debt on private placement basis where the Sponsors or their associate companies have acted as arranger or manager.
17. The AMC shall file with the Trustee Company the details of transactions in securities by the key personnel of the AMC in their own name or on behalf of the AMC and shall also report to the SEBI, as and when required by SEBI.
18. In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustee Company at its next meeting.
19. In case any company has invested more than 5 per cent of the net asset value of an scheme, the investment made by that scheme or by any other scheme of the Mutual Fund in that company or its subsidiaries shall be brought to the notice of the Trustee Company by the AMC and be disclosed in the half-yearly and annual accounts of the respective schemes with justification for such investment, where the cross investment has been made within a period of one year before or after the initial investment.
20. The AMC shall submit to the Trustees quarterly reports on its activities and the compliance with the Regulations. The board of directors shall ensure that there has been exercise of due diligence on the reports submitted by the AMC to the Trustees.
21. The AMC shall file with the Trustee Company and SEBI:
  - a) detailed biodata of all its directors along with their interest in other companies within fifteen calendar days of their appointment;
  - b) a half yearly report regarding any change in the interests of directors; and
  - c) a quarterly report to the Trustee Company giving details and adequate justification about the purchase and sale of the securities of the group companies of the Sponsor or the AMC, as the case may be, by the Mutual Fund during the said quarter.

22. Each director of the AMC shall file the details of his transactions of dealing in securities with the Trustee Company on a quarterly basis in accordance with guidelines issued by SEBI.
23. The AMC shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.
24. The AMC shall appoint registrars and share transfer agents who are registered with SEBI, provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the Trustee Company shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
25. The AMC shall not invest in any of its schemes unless full disclosure of its intention to invest has been made in the offer document provided that an AMC shall not be entitled to charge any fees on its investment in that scheme.
26. The AMC shall invest such amounts in such schemes of the Mutual Fund based on the risks associated with the schemes, as may be specified by SEBI from time to time.
27. The AMC shall invest a percentage of the remuneration of employees as specified by SEBI in units of schemes based on the designation or roles as specified by SEBI.
28. The AMC shall abide by the Code of Conduct as specified in Part A of the Fourth Schedule of the Regulations.
29. The AMC shall –
  - not act as a trustee of any mutual fund;
  - not undertake any business activities other than in the nature of management and advisory services provided to pooled assets including offshore funds, insurance funds, pension funds, provident funds, or such categories of foreign portfolio investor subject to such conditions as maybe specified by SEBI from time to time, if any of such activities are not in conflict with the activities of the Mutual Fund.  
Provided that the AMC may itself or through its subsidiaries undertake any such activities, if it satisfies SEBI and ensures that the conditions as laid under the applicable regulations are met.  
Provided further that the AMC may, itself or through its subsidiaries, undertake portfolio management services and advisory services for other than broad based fund till further directions, as may be specified by SEBI, subject to complying with the following additional conditions viz. (i) that the key personnel of the AMC, the systems, back office, bank and securities accounts are segregated activity wise and there exist systems to prohibit access to inside information of various activities; (ii) that the capital adequacy requirements, if any, separately for each such activity are met and that separate approval, if necessary under the relevant regulations is obtained; and other directions, as may be specified by SEBI from time to time are adhered to.
30. The AMC may become a proprietary trading member for carrying out trades in the debt segment of a recognised stock exchange, on behalf of a mutual fund and may also become a self-clearing member of the recognised clearing corporations to clear and settle trades in the debt segment on behalf of its schemes.
31. (i) The AMC for each scheme shall keep and maintain proper books of account, records and documents, for each scheme so as to explain its transactions (including inter scheme transactions and rationale for valuation), maintain a complete audit trail and to disclose at any point of time the financial position of each scheme and in particular give a true and fair view of the state of affairs of the Mutual Fund and intimate to the SEBI the place where such books of account, records and documents are maintained.  
(ii) The AMC shall maintain and preserve for a period of eight years its books of account, records and documents.

32. The AMC shall not carry out its fund management operations or execution of transactions relating to the Mutual Fund, outside the territory of India, except for execution of trades for investment in overseas securities.
33. The AMC shall compute and carry out valuation of investments made by the schemes of the Mutual Fund in accordance with the investment valuation norms specified in Seventh Schedule and shall publish the same.
34. The AMC and the Sponsor shall be liable to compensate the affected investors and/or the scheme for any unfair treatment to any investor as a result of inappropriate valuation.
35. The AMC shall report and disclose all the transactions in debt and money market securities, including inter scheme transfers, as may be specified by SEBI from time to time.
36. The AMC shall put in place suitable mechanisms/systems to generate system-based information/data/reports for evaluation and effective due diligence by the Trustees. AMC shall provide alerts based automated reports to the Trustees as may be required by the Trustees.
37. The board of directors of the AMC shall exercise due diligence as follows:
  - i. The board of directors of the AMC shall ensure before the launch of any scheme that the AMC has:
    - a) Systems in place for its back office, dealing room and accounting;
    - b) Appointed all Key Personnel including fund manager(s) for the schemes and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market to the Trustee Company, within 15 calendar days of their appointment;
    - c) Appointed Auditors to audit its accounts;
    - d) appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by SEBI or the Central Government and for redressal of investors grievances;
    - e) Appointed Registrars and transfer agent and laid down parameters for their supervision;
    - f) Prepared a compliance manual and designed internal control mechanisms including internal audit systems;
    - g) Specified norms for empanelment of brokers and marketing agents; and
    - h) Obtained, wherever required under the Regulations, prior in principle approval from the recognised stock exchange(s) where units are proposed to be listed.
  - ii. The board of directors of the AMC shall ensure that:-
    - a) the AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with specific brokers;
    - b) the AMC has not given any undue or unfair advantage to any associate or dealt with any of the associate of the AMC in any manner detrimental to interest of the unit holders;
    - c) the transactions entered into by the AMC are in accordance with the Regulations and the investment objective and asset allocation of the respective schemes;
    - d) the transactions of the Mutual Fund are in accordance with the provisions of the Trust Deed;
    - e) the net worth of the AMC is reviewed on a quarterly basis to ensure compliance with the threshold provided in clause (e) of sub-regulation (1) of regulation 5 on a continuous basis;
    - f) all service contracts including custody arrangements of the assets and transfer agency of the securities are executed in the interest of the unit holders and test checks of service contracts are arranged;
    - g) there is no conflict of interest between the manner of deployment of the net worth of the AMC and the interest of the unit holders;
    - h) the investor complaints received are periodically reviewed and redressed;
    - i) all service providers are holding appropriate registrations with SEBI or with the concerned regulatory authority;
    - j) any special developments in the Mutual Fund are immediately reported to the Trustee Company;
    - k) there has been exercise of due diligence on such matters as may be specified by SEBI from time to time.

- iii. The Compliance Officer appointed shall independently and immediately report to SEBI for any non-compliance.
  - iv. The AMC shall constitute a Unit Holder Protection Committee in the form and manner and with a mandate as may be specified by SEBI.
  - v. The AMC shall be responsible for calculation of any income due to be paid to the Mutual Fund and also any income received in the Mutual Fund, for the unit holders of any scheme of the Mutual Fund, in accordance with the Regulations and the Trust Deed.
  - vi. The AMC shall ensure that no change in the fundamental attributes of any scheme, fees and expenses payable or any other change which would modify the scheme and affect the interest of unit holders, shall be carried out unless:-
    - a) a written communication (including digital modes such as email/sms etc.) about the proposed change is sent to each unit holder;
    - b) details, as specified by SEBI, are appropriately displayed on the website of the AMC; and
    - c) the unit holders are given an option to exit at the prevailing Net Asset Value without any exit load.
38. The AMC shall establish, implement and maintain an institutional mechanism as may be specified by SEBI, for the identification and deterrence of potential market abuse including front-running and fraudulent transactions in securities.
39. The Chief Executive Officer or Managing Director or such other person of equivalent or analogous rank and Chief Compliance Officer of the AMC shall be responsible and accountable for implementation of such an institutional mechanism for deterrence of potential market abuse, including front-running and fraudulent transactions in securities.
40. The AMC shall establish, implement and maintain a documented whistle blower policy that shall (a) provide for a confidential channel for employees, directors, Trustees, and other stakeholders to raise concerns about suspected fraudulent, unfair or unethical practices, violations of regulatory or legal requirements or governance vulnerability, and (b) establish procedures to ensure adequate protection of the whistle blowers.
41. The AMC shall conduct stress testing for such schemes as specified by SEBI and disclose the results of the stress testing in the form and manner, as may be specified by SEBI.
42. The AMC shall ensure compliance with the Investor Charter specified by SEBI from time to time.

AMC shall observe the above-mentioned duties and obligations. Notwithstanding this, duties and obligations as stated in the regulations, from time to time, shall prevail upon stated above.

As and when there is an addition/deletion/modification in the duties and responsibilities of the AMC due to a change in the Regulations, such additions/deletions/modifications shall be applicable in line with SEBI MF Regulations from time to time.

iii. **Information on Key Personnel:**

<b>Name</b>	<b>Age (in years)</b>	<b>Designation</b>	<b>Educational Qualification</b>	<b>Total No. of Years of Experience</b>	<b>Nature of past experience including assignments held during the last 10 years</b>
Bhautik Ambani	42	Chief Executive Officer & Associate Director	Masters of Business Administration (SP Jain Institute of Management – 2005) Bachelor of Management Studies	15	Mr. Bhautik Ambani has been associated with the AMC since February 2023.

Name	Age (in years)	Designation	Educational Qualification	Total No. of Years of Experience	Nature of past experience including assignments held during the last 10 years
			(Mithibhai College – 2004)		<p>Aventus Capital Public Markets Alternate Strategies LLP (Managing Director) – December 2016 – January 2023.</p> <p>Ambit Investment Advisors Private Limited (Director) – April 2014 – December 2016.</p>
Ashwin Singh	32	Chief Investment Officer	<ul style="list-style-type: none"> <li>Bachelor of Technology and Master of Technology in Electrical Engineering (under the Dual Degree Program) from Indian Institute of Technology, Kharagpur in 2016.</li> </ul>	10	<p>Mr. Ashwin Singh has been associated with the AMC since December 2025</p> <p>AlphaGrep Advisors Pvt. Ltd. (Portfolio Manager) (July 2024 – November 2025)</p> <p>Tara Capital Partners Private Limited (Portfolio Manager) (June 2020 to June 2024)</p> <p>Estee Advisors Private Limited (Quant Fund Manager) (February 2019 to June 2020)</p> <p>Goldman Sachs (Associate) (June 2016 to February 2019)</p>
Ravneet Singh	36	Fund Manager	Bachelors of Technology – Computer Science and Engineering (Indian Institute of Technology, Delhi – 2011)	10	Mr. Ravneet Singh has been associated with the AMC since November 2025.

Name	Age (in years)	Designation	Educational Qualification	Total No. of Years of Experience	Nature of past experience including assignments held during the last 10 years
					<p>AlphaGrep Securities Private Limited (AVP, Quantitative Research &amp; Training) – October 2024 – October 2025.</p> <p>Microsoft India (R&amp;D) Pvt. Ltd. (Senior Software Engineer) – February 2021 – May 2023.</p> <p>Nomura Structured Finance Services Private Limited (Vice President) – December 2020 – February 2021.</p> <p>AlphaGrep Securities Private Limited (Associate – Quantitative Research &amp; Training) – October 2015 – July 2020.</p>
Amit Athalye	49	Head of Operations	Bachelor of Commerce (Mumbai University – 1996).	20	<p>Mr. Amit Athalye has been associated with the AMC since August 2025.</p> <p>Bajaj Finserv Asset Management Limited (National Manager – Operations) – December 2022 – November 2023.</p> <p>PGIM India Asset Private Limited (Vice President – Operations) – November 2010 – September 2019.</p>
Nikita Torka	34	Chief Compliance Officer	LLB (New Law College – May 2021) Masters of Business Law (National Law	10	Ms. Nikita Torka has been associated with the AMC since October 2025.

Name	Age (in years)	Designation	Educational Qualification	Total No. of Years of Experience	Nature of past experience including assignments held during the last 10 years
			<p>School of India University – June 2018)</p> <p>Masters of Commerce – Business Management (Mumbai University – April 2014)</p> <p>Company Secretary (Institute of Company Secretaries of India – Western India Regional Council – June 2013)</p> <p>Bachelor of Commerce – Financial Markets (HR College of Commerce and Economics – April 2012)</p>		<p>Groww Asset Management Ltd. (Senior Manager – Compliance) – October 2024 – September 2025</p> <p>Canara Robeco Asset Management Company Ltd. (Senior Manager – Compliance &amp; Secretarial) – August 2023 – October 2024</p> <p>LIC Mutual Fund Asset Management Ltd. (Manager – Compliance, CS, Legal &amp; Audit) – April 2020 – August 2023</p> <p>LIC Mutual Fund Asset Management Ltd. (Assistant Manager – Compliance, CS, Legal &amp; Audit) – October 2018 – August 2020</p> <p>Quantum Asset Management Company Pvt. Ltd. (Senior Executive – Compliance, Secretarial &amp; Legal) – October 2015 – October 2018</p>
Vasudha Shah	45	Head of Client Relations and Investor Relations Officer	<p>Bachelors in Commerce (Shaheed Bhagat Singh College - 2002)</p> <p>Masters Diploma in Business Administration (Symbiosis Institute of Management Studies – 2003)</p>	16	<p>Ms. Vasudha Shah has been associated with the AMC since July 2025.</p> <p>WhiteOak Capital Asset Management Limited (Head – Investor Service) – October 2021 – October 2023.</p>

Name	Age (in years)	Designation	Educational Qualification	Total No. of Years of Experience	Nature of past experience including assignments held during the last 10 years
					<p>YES Asset Management Pvt Ltd (Vice President &amp; Head – Investor Servicing) – October 2017 – September 2021.</p> <p>DHFL Pramerica Asset Management Private Limited (Senior Manager – Operations) – December 2009 – October 2017.</p>
Suraj Pawar	28	Chief Information Security Officer	Bachelor of Engineering – Computer Science (Mumbai University – 2021)	5	<p>Mr. Suraj Sahebrao Pawar has been associated with the AMC since October 2025.</p> <p>AlphaGrep Securities Private Limited (Cyber Security Engineer) – June 2025 – September 2025.</p> <p>Drip Capital Services India LLP (Application Security Engineer II) – December 2023 – June 2025.</p> <p>Finnovation Tech Solutions Private Limited (Senior Security Engineer) – March 2023 – November 2023.</p> <p>Exotel Techcom Private Limited (Information Security Analyst) – June 2022 – March 2023.</p>

Name	Age (in years)	Designation	Educational Qualification	Total No. of Years of Experience	Nature of past experience including assignments held during the last 10 years
					Cyber Forensic and Investigation (Cyber Security Analyst) – November 2020 – June 2022.
Dhanraj Alva	36	Chief Risk Officer	Master of Management Studies – Finance (Durgadevi Saraf Institute of Management Studies – 2013) Bachelors of Commerce (P. D. Lions College – 2009)	12	Mr. Dhanraj Alva has been associated with the AMC since November 2025.  Baroda BNP Paribas Mutual Fund (AVP – Risk Management) – May 2024 – November 2025.  Bank of India Investment Managers Private Limited (Risk Officer) – May 2022 – April 2024.  Kotak Mahindra Life Insurance Company Limited (Assistant Vice President) – March 2020 – May 2022.  Nippon India Mutual Fund (Deputy Manager) – November 2017 – March 2020.  Credit Suisse Business Analytics (India) Private Limited (Exempt Non-Officer) – July 2016 – October 2017.  Nomura Services India Pvt. Ltd. (Analyst) – June 2013 – June 2016.

Name	Age (in years)	Designation	Educational Qualification	Total No. of Years of Experience	Nature of past experience including assignments held during the last 10 years
Neha Chheda	30	Dealer – Equity	Bachelors of Commerce (Vartak College of Commerce – May 2016)	9	<p>Ms. Neha Chheda has been associated with the AMC since May 2025.</p> <p>Elios Financial Services Ltd. (Institutional Equity Dealer) – November 2022 – April 2025.</p> <p>Axis Securities Ltd. (Retail Broking – Offline Equity Dealing) – December 2019 – October 2022.</p> <p>SBICap Securities Ltd. (Call &amp; Trade Executive) – December 2017 – December 2019.</p> <p>HDFC Securities (Tele Broking Executive) – June 2016 – November 2017.</p>

### **Investment Process and Recording of Investment Decision**

The Investment Committee will comprise of the Chief Executive Officer (CEO), the Chief Investment Officer (CIO), the Chief Risk Officer (CRO), Fund Managers and Chief Compliance Officer (CCO). The CXOs, analysts, dealers and other investment personnel can be invited to attend the investment committee meetings. The Investment Committee will inter alia lay down the schemes' investment philosophy, formulate policies and/or processes/procedures, review the performance of portfolios of the schemes, monitor the credit ratings, exposures, etc. The CIO-Mutual Fund and the Fund Manager(s) shall be responsible for taking investment/divestment decisions for their respective schemes and for adhering to the schemes' investment philosophy, policy and processes/procedures. Investment decisions shall be recorded by the respective Fund Manager(s) along with reasons for the same. Investment decisions taken for various scheme(s) shall be recorded in accordance with the requirements prescribed in SEBI MF Regulations and applicable circulars/guidelines. The Investment Committee shall meet periodically and shall undertake review of fund management activities including scheme(s) performance, portfolio of the scheme(s), asset allocation etc. The AMC and Trustee will review the performance of the schemes in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.

The AMC shall ensure that all investment decisions are taken in the interest of unit holders of the scheme(s) and in compliance with SEBI MF Regulations and various circulars, guidelines etc. issued from time to time pertaining to investments.

### **III. Service Providers**

#### **i. Custodian**

Name: SBI-SG Global Securities Services Pvt. Ltd.

Address: B Wing, Ground Floor, Jeevan Seva Annexe Building, Swami Vivekanand Rd, Santacruz West, Mumbai, Maharashtra 400054

SEBI registration no.: IN/CUS/22

#### **ii. Registrar & Transfer Agent**

Name: Computer Age Management Services Limited (CAMS)

Address: Unit - AlphaGrep Mutual Fund, Rayala Towers, Tower 1, 158, Anna Salai, Chennai - 600002.

SEBI Registration Number: INR000002813

The Board of the Trustee Company and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to unitholders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints.

#### **iii. Statutory Auditor**

Name: AD & Co (AMC)

Address: Office No. D, Yashodhan Roshan Nagar, Chandavarkar Road, Borivali (W), Mumbai 400092, Maharashtra, India

Name: B S R & Co. LLP (Mutual Fund Schemes)

Address: 14<sup>th</sup> Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon East, Mumbai 400 063

**iv. Legal Counsel**

Services of various legal advisors/ counsels shall be obtained as and when required.

**v. Fund Accountant**

Name: SBI-SG Global Securities Services Pvt. Ltd.

Address: B Wing, Ground Floor, Jeevan Seva Annexe Building, Swami Vivekanand Rd, Santacruz West, Mumbai, Maharashtra 400054

**vi. Collecting Bankers**

Sr No	Name of Bank	Registered Office	SEBI Registration Number
1	State Bank of India	State Bank Bhavan, Madame Cama Road, Nariman Point, Mumbai – 400021	INBI00000038
2	HDFC Bank Limited	HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400013	INBI00000063

**IV. Condensed Financial Information (CFI)**

For all the schemes launched by the Mutual Fund during the last three fiscal years (excluding redeemed schemes):

*Not Applicable as AlphaGrep Investment Management is in the process of launching its schemes.*

**V. RISK FACTORS**

**A. Standard Risk Factors for investments in Mutual Fund**

- Investment in mutual funds involves investment risks such as trading volumes, settlement risks, liquidity risks, default risks, including the possible loss of principal.
- Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the schemes will be achieved.

As the price/value/interest rates of the securities in which the schemes invest fluctuate, the value of your investments in the schemes may go up or down. The Sponsor is not responsible or liable for any loss resulting from the operation of the schemes beyond the contribution of an amount of INR 50,000 made by them towards setting up the Fund.

- The schemes do not in any manner indicate either their quality or their prospects and returns.
- The NAV of the schemes may be affected by changes in the general level of interest rates and trading volumes.
- The NAV of the schemes may be affected by settlement periods and transfer procedures.
- In the event of receipt of an inordinately large number of redemption requests or of a restructuring of the schemes' portfolios, there may be delays in the redemption of Units.
- The liquidity of the schemes' investments is inherently restricted by trading volumes.
- Investors in the schemes are not being offered any guaranteed returns.

- Mutual funds, being vehicles of securities investments, are subject to market and other risks and there can be no guarantee against loss resulting from investing in the schemes. The various factors that impact the value of the schemes' investments include, but are not limited to, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc.
- The past performance of the mutual funds managed by the Sponsor / Mutual Fund / Asset Management Company or their previous track records in respective business operations and their associates does not guarantee future performance of the schemes.
- Investment decisions made by the AMC may not always be profitable.
- From time to time and subject to the Regulations, the Sponsor, the Mutual Fund and investment companies managed by them, their associate companies, subsidiaries of the Sponsor, and the AMC and the schemes managed / schemes by the AMC may invest either directly or indirectly in any or all the schemes. The funds managed by these associates, the Sponsor, subsidiaries of the Sponsor and /or the AMC may acquire a substantial portion of the schemes' Units and collectively constitute a major investor in the schemes. Accordingly, redemption of Units held by such funds, associates and Sponsor might have an adverse impact on the Units of the schemes because the timing of such redemption may impact the ability of other Unit holders to redeem their Units.

Further, as per the Regulations, in case the AMC invests in any of the schemes managed by it, it shall not be entitled to charge any fees on such investments.

- The schemes may invest in other schemes / schemes managed by the AMC or in the schemes / schemes of any other mutual funds, provided it is in conformity with the investment objective of the schemes and in terms of the prevailing Regulations. As per the Regulations, no investment management fees will be charged for such investments and the aggregate inter-scheme investment made by all Schemes / schemes of the Mutual Fund or in Schemes / schemes under the management of other asset management companies shall not exceed 5% of the Net Asset Value of the Mutual Fund.

- **Infectious Illness Risk:**

An outbreak of an infectious illness, caused by a novel virus may result in travel restrictions, disruption of healthcare systems, prolonged quarantines, cancellations, supply chain disruptions, lower consumer demand, layoffs, ratings downgrades, defaults and other significant economic impacts. Certain markets may experience temporary closures, extreme volatility, severe losses, reduced liquidity and increased trading costs. Such events can have an impact on the underlying schemes and could impact their ability to purchase or sell securities or cause elevated tracking error and increased premiums or discounts to the NAV.

- **Cybersecurity Risk:**

The schemes are susceptible to operational, information security and related "cyber" risks both directly and through external stakeholders. Similar types of cybersecurity risks are also present for issuers of securities in which the schemes invest, which could result in material adverse consequences for such issuers and may cause the schemes' investment in such issuers to lose value. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber incidents include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Geopolitical tensions may increase the scale and sophistication of deliberate attacks, particularly those from nation-states or from entities with nation-state backing. Cybersecurity failures by,

or breaches of, the systems of the external stakeholders (including, but not limited to, index and benchmark providers, fund accountants, custodians, RTA, etc.), have the ability to cause disruptions and impact business operations.

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

**B. Requirement of minimum investors in the scheme**

All open-ended scheme of the Mutual Fund shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the scheme. In case the scheme does not have a minimum of 20 investors in the stipulated period, the applicable provisions under the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the scheme shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. The average net assets of the scheme shall be calculated daily and any breach of the 25% holding limit by an investor shall be determined. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 calendar days' notice to redeem his exposure over the 25% limit. Failure on the part of the said investor to redeem his exposure over the 25% limit within the aforesaid 15 calendar days would lead to automatic redemption by the Mutual Fund on the applicable NAV on the 15th calendar day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

**C. Risk factors of not maintaining average AUM of Rs. 20 crore on half yearly rolling basis (Applicable only for open ended debt oriented schemes)**

The Scheme(s) shall maintain an average AUM of Rs. 20 crore on half yearly rolling basis. In case, the average AUM falls below Rs. 20 crore, the AMC shall scale up the AUM of such Scheme within a period of six months so as to maintain the average AUM of Rs. 20 crore on half yearly rolling basis, failing which the Scheme shall be wound up in accordance with the provisions of Regulation 36(2)(c) of the SEBI (Mutual Funds) Regulations, 2026 as amended from time to time.

**D. Risk associated with different derivative strategies**

The scheme may use various derivative products as permitted by the Regulations. Use of derivatives requires an understanding of not only the underlying instrument but also of the derivative itself. Other risks include the risk mis-pricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

- The scheme may use derivatives instruments like Stock Index Futures, Interest Rate Swaps, Forward Rate Agreements or other derivative instruments for the purpose of portfolio rebalancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the scheme to certain risks inherent to such 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.

- 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.
- The risks associated with the use of derivatives are different from or possibly greater than the risks associated with investing directly in securities and other traditional investments.
- The specific risk factors arising out of a derivative strategy used by the Fund Manager may be as below:
  1. **Valuation Risk:** The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
  2. **Execution Risk:** The prices which are seen on the screen need not be the same at which execution will take place.
  3. **Basis Risk:** This risk arises when the derivative instrument used to hedge the underlying asset does not match the movement of the underlying asset being hedged.
  4. Exchanges could raise the initial margin, variation margin or other forms of margin on derivative contracts, impose one sided margins or insist that margins be placed in cash. All of these might force positions to be unwound at a loss, and might materially impact returns.
  5. **Operational / Systemic Risk:** This is the risk arising due to failure of operational processes followed by the exchanges and Over The Counter (OTC) participants for the derivatives trading.
  6. **Exposure Risk:** An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a plain investment transaction.
  7. **Implied Volatility:** The estimated volatility of an underlying security's price and derivatives price.
  8. **Systemic Risk:** The risk inherent in the capital market due to macro-economic factors like Inflation, GDP, Global events.
  9. **Counterparty Risk:** Counterparty risk is the risk that losses will be incurred due to the default by the counterparty for OTC derivatives.
  10. **Credit Risk:** The Credit Risk is the risk that the counter party will default in its obligations and is generally small as in a derivative transaction there is generally no exchange of the principal amount. Hence, derivative trades are undertaken with approved counterparties or through exchanges. This mitigates credit risk on derivative transactions.

**Risks specific to certain derivative strategies are highlighted below:**

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

**Credit Risk:** The credit risk in derivative transaction is the risk that the counter party will default on its obligations and is generally low, as there is no exchange of principal amounts in a derivative transaction.

**Market Risk:** Market movements may adversely affect the pricing and settlement of derivatives.

**Illiquidity Risk:** This is the risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market. (ii) **Basis Risk** associated with imperfect hedging using

(ii) **Interest Rate Futures (IRF):** The imperfect correlation between the prices of securities in the portfolio and the IRF contract used to hedge part of the portfolio leads to basis risk. Thus, the loss on the portfolio may not exactly match the gain from the hedge position entered using the IRF.

IRF means a standardized interest rate derivative contract traded on a recognized stock exchange to buy or sell a notional security or any other interest-bearing instrument or an index of such instruments or interest rates at a specified future date, at a price determined at the time of the contract. Hedging using interest rate futures could be perfect or imperfect, subject to applicable regulations. Currently, exchange traded Interest Rate Futures traded on exchange are standardized contracts based on 10-Year Government of India Security and 91-day Treasury bill. IRF contracts are cash settled.

IRFs give an opportunity in the fixed income market to hedge interest rate risk or rebalance the portfolio by using them. By locking into a price, the IRF contract can help to eliminate the interest rate risk. Thus, in order to protect against a fall in the value of the portfolio due to falling bond prices, one can take short position in IRF contracts.

Example:

Date: December 01, 2022

Spot price of the Government Security: Rs.108.80

Price of IRF– December contract: Rs. 108.90

On December 01, 2022, Fund buys 10000 units of the Government security from the spot market at Rs. 108.80. Subsequently, it is anticipated that the interest rate will rise in the near future.

Therefore, to hedge the exposure in underlying Government security, Fund sells December 2022

Interest Rate Futures contracts at Rs. 108.90.

On December 15, 2022 due to increase in interest rate:

Spot price of the Government Security: Rs. 107.25

Futures Price of IRF Contract: Rs.107.30

Loss in underlying market will be  $(107.25 - 108.80) * 10000 = (\text{Rs. } 15,500)$

Profit in the Futures market will be  $(107.30 - 108.90) * 10000 = \text{Rs. } 16,000$

### **Illustration for Imperfect Hedging**

Scenario 1 and 2

Assumption: Portfolio whose duration is 3 years, is being hedged with an IRF whose underlying securities duration is 10 years

Portfolio Duration: 3 year

Market Value of Portfolio: Rs 100 cr

Imperfect Hedging cannot exceed 20% of Portfolio.

Maximum extent of short position that may be taken in IRFs is as per below mentioned formula:

Portfolio (security) Modified Duration \* Market Value of Portfolio (security) / (Futures Modified Duration \* Futures Price/PAR)

Consider that we choose to hedge 20% of portfolio

$$(3 * (0.2 * 100))/(10 * 100/100) = \text{Rs } 6 \text{ cr}$$

So we must Sell Rs 6 cr of IRF with underlying duration of 10 years to hedge Rs 20 cr of Portfolio with duration of 3 years.

### **Scenario 1**

If the yield curve moves in a way that the 3 year moves up by 10 bps and the 10 year moves up by 5bps, which means that the short end has moved up more than the long end

Amount of Security in Portfolio (LONG): Rs 20cr

If yields move up buy 10 bps then the price of the security with a modified duration of 3 years will move down by;

Formula: (Yield movement \* Duration) \* Portfolio Value

$$((0.001 * 3) * 20,00,00,000) = - 6,00,000$$

Underlying IRF (SHORT): Rs 6crs

If yields move up buy 5bps then the price of the security with a duration of 10 years will move down by;

Formula: (Yield movement \* Duration) \* Portfolio Value

$$(-0.0005 * 10) * 6,00,00,000 = 3,00,000$$

Since we have sold the IRF, this movement is positive and hence the total loss will be reduced to:

$$-6,00,000 + 3,00,000 = -3,00,000$$

Due to IRF, the overall impact on the portfolio due to interest rate movement has been reduced.

### **Scenario 2**

If the yield curve moves in a way that the 3 year does not move and the 10 year moves down by 5 bps, which means that the yield curve has flattened.

If yield does not move then the price of the security with a duration of 3 years will remain flat:

Formula: (Yield movement \* Duration) \* Portfolio Value

$$(0 * 3) * 20,00,00,000 = 0$$

Underlying IRF (SHORT): Rs 6cr

If yields move down by 5bps then the price of the security with a duration of 10 years will move up by;

$$(0.0005 * 10) * 6,00,00,000 = -3,00,000$$

In this scenario, the imperfect hedge created on the portfolio would create a loss on the total position

(iii) Risk pertaining to covered call strategy: Incorrectly pricing the option premium before writing the covered call by ignoring factors which determine pricing like number of days to expiry, adjustment with respect to announced corporate actions like dividend etc.

(iv) Risk pertaining to Basic Structure of an Index Future:

Risks associated with index future strategy:

The strategy of taking a long position in index futures increases the exposure to the market. The long position is positively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not provide gains perfectly aligned to the movement in the index. The long position will have as much loss/gain as in the Underlying Index. e.g. if the index appreciates by 10%, the index future value rises by 10%. However, this is true only for futures contracts held till maturity. In the event that a futures contract is closed out before its expiry, the quoted price of the futures contract may be different from the gain/loss due to the movement of the Underlying Index. This is called the basis risk.

While futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time, for the scheme to purchase or close out a specific futures contract.

Risk pertaining to strategy of Downside Protection Using Stock Put:

There can be no assurance that ready liquidity would exist at all points in time, for the scheme to purchase or close out a specific options contract.

A hedging strategy using Put Options is a perfect hedge on the expiration date of the put option. On other days, there may be (temporary) imperfect correlation between the share price and the put option.

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

The strategy of taking a long position in index call option increases the exposure to the market. The long position is positively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not provide gains perfectly aligned to the movement in the index. The risk/downside, if the market falls/remains flat is only limited to the option premium paid. The long position will have as much loss/gain as in the Underlying Index. For e.g. if the index appreciates by 10%, the index options value rises by 10%. However, this is true only for options held till maturity.

While option markets are typically less liquid than the underlying cash market, hence there can be no assurance that ready liquidity would exist at all points in time, for the scheme to purchase or close out a specific contract.

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

The strategy of taking a long position in index put option hedges a portfolio of long only stocks/funds against potential markets falls. The long position in the put option is negatively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not provide gains perfectly aligned to the movement in the index.

The risk/downside, if the index remains above the strike price is only limited to the option premium paid. The premium paid is the maximum downside to the portfolio. There is positive return in the put strategy only if the index falls below the strike price.

The long position will have as much loss/gain as the reverse of the Underlying Index. For e.g. if the index depreciates by 10%, the index options value rises by 10%. However, this is true only for options held till maturity.

While option markets are typically less liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time, for the scheme to purchase or close out a specific contract.

## **E. Other risk factors**

### **1. Risk factors for swing pricing:**

As per paragraph 5.8 of the Master Circular, swing pricing framework is applicable to open ended debt mutual fund schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds).

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

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

### **2. Mandatory Swing pricing during market dislocation**

The swing pricing framework will be made applicable only for scenarios related to net outflows from the scheme. Swing pricing will be mandatory during the period of market dislocation announced by SEBI. Once market dislocation is declared, it will be notified by SEBI that swing pricing will be applicable for a specified period. The provision of swing pricing for market dislocation shall be applicable in terms of paragraph 5.8.3. of the Master Circular, and Classified themselves in any of the cell A-III, B-II, B-III, C-I, C-II and C-III of Potential Risk Class (PRC) Matrix in terms of paragraph 5.8.3(c) of the Master Circular or as guided by SEBI/AMFI from time to time.

The scheme would also incorporate the framework for re-opening of a scheme after announcement of winding-up as prescribed in paragraph 5.8.4 of the Master Circular.

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

Any further circulars and guidelines pertaining to swing pricing from AMFI and SEBI would be abided by as and when they are communicated and be effective.

### **3. Risks associated with investing in Tri-party Repo (TREPS) through CCIL**

The Mutual Fund is a member of securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India Limited (CCIL). All transactions of the Mutual Fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus, reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL). CCIL shall maintain two separate

Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The Mutual Fund is exposed to the extent of its contribution to the default fund of CCIL at any given point in time i.e. in the event that the default waterfall is triggered, and the contribution of the Mutual Fund is called upon to absorb settlement/default losses of another member by CCIL, the scheme may lose an amount equivalent to its contribution to the default fund. Further, it may be noted that CCIL periodically prescribes a list of securities eligible for contributions as collateral by members. Presently, all Central Government securities and Treasury bills are accepted as collateral by CCIL. The risk factors may undergo change in case the CCIL notifies securities other than Government of India securities as eligible for contribution as collateral.

#### 4. **Liquidity Risk Management (LRM)**

All open-ended debt scheme adopts the Liquidity Risk Management Framework (LRM) as mandated by SEBI and AMFI, which requires scheme portfolio to maintain certain portion of their investments in liquid assets. This portion as required to be kept, is ascertained basis the scheme's liability profile, i.e. investor profile. This framework seeks to estimate a likely quantum of redemption that the scheme is expected to face over the next 30 days and requires the scheme to maintain liquid assets to that extent as a minimum requirement. The Framework also enumerates corrective actions to be taken in the event of any shortfall owing to higher redemption than estimated. The Investment Manager also have in place an Asset Liability Mismatch (ALM) Framework which monitors similar aspects for a longer tenure of 90 days and ensures that scheme assets are always adequate to cater to liabilities.

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

#### 5. **Stress test:**

In accordance with paragraph 5.2 of the Master Circular and AMFI guidelines (issued from time to time), the AMC carries out stress testing for all open-ended debt schemes (except overnight schemes). Stress testing covers impact on the scheme NAV on account of interest rate risk, credit risk and liquidity risk.

#### 6. **Potential Risk Matrix (PRC) & Risk-o-meter:**

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

#### 7. **Performance Risk:**

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

8. **Risks Factors associated with transaction in Units through stock exchange(s):**

The trading mechanism of the Stock Exchange(s) is configured to accept and process transactions for Mutual Fund Units in both Physical and Demat Form. The allotment and/or redemption of Units through the recognized Stock Exchange(s), on any Business Day will depend upon the modalities of processing viz. collection of application form, order processing/settlement, etc. upon which the Fund has no control. Moreover, transactions conducted through the Stock Exchange mechanism shall be governed by the operating guidelines and directives issued by respective recognized Stock Exchange(s).

9. **Risks Associated with Backstop Facility in Form of Investment in Corporate Debt Market Development Fund (CDMDF):**

CDMDF is set up as a Trust registered as an Alternative Investment Fund ('AIF') in accordance with the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"). The objective of the CDMDF is to help develop the corporate debt market by providing backstop facility to in still confidence amongst the market participants in the corporate debt/bond market during times of market dislocation and to enhance the secondary market liquidity. In times of market dislocation, CDMDF shall purchase and hold eligible corporate debt securities from the participating investors (i.e., specified debt-oriented MF schemes to begin with) and sell as markets recover. The CDMDF will thus act as a key enabler for facilitating liquidity in the corporate debt market and to respond quickly in times of market dislocation. The trigger and period for which the backstop facility will be open shall be as decided by SEBI. Thus, this backstop facility will help fund managers of the aforementioned Schemes to better generate liquidity during market dislocation to help the schemes fulfil liquidity obligations under stress situation.

In accordance with the requirement of regulation 40 of the Regulations read with Chapter 18 of the Master Circular, the aforementioned schemes shall invest 25 bps of its AUM as on December 31, 2022 in the units of the Corporate Debt Market Development Fund ('CDMDF'). An incremental contribution to CDMDF shall be made every six months to ensure 25 bps of scheme AUM is invested in units of CDMDF. However, if AUM decreases there shall be no return or redemption from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF.

Investments in CDMDF units shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable Investment limits) and the calculations of Potential Risk Class (PRC) Matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDF.

10. **Risks associated with investing in foreign securities:**

It is the AMC's belief that the investment in overseas securities / Overseas ETFs offers 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 objective of the scheme. Since the scheme would invest only partially in overseas securities/ Overseas ETFs, 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 scheme 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 Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by 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 scheme in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The scheme may, where 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.

Keeping in mind the investment limit in foreign securities currently applicable to the Mutual Fund under the Master Circular, if overall limit for the Mutual Fund in overseas securities reaches USD 1 billion or the overall limit for Mutual Fund Industry in overseas securities reaches USD 7 billion, then Mutual Fund will not be able to invest in overseas securities / will not be able to do incremental overseas investment, unless such limit is increased or further directions is received from SEBI or RBI in this regard. It may be noted that the cap of USD 1 billion will be monitored and enforced at the Mutual Fund level and not at the individual scheme level. As per paragraph 13.11.9 of the Master Circular, the scheme may invest in overseas Mutual Funds/Unit Trusts that have exposure to Indian securities, provided that the total exposure to Indian securities by these overseas MF/UTs shall not be more than 25% of their assets.

#### **11. Liquidity or Marketability Risk**

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

#### **12. Risks associated with 'Restriction on redemptions'**

Subject to the approval of Board of Directors of the AMC and Trustee Company and immediate intimation to SEBI, a restriction on redemptions may be imposed by the scheme under certain exceptional circumstances, which the AMC / Trustee Company believe that may lead to a systemic crisis or event that constrict liquidity of most securities or the efficient functioning of markets.

#### **13. Changes in the tax laws**

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

## **F. Special Considerations**

Investors are requested to study the terms of Scheme Information Document (SID) and this Statement of Additional Information (SAI) of AlphaGrep Mutual Fund carefully before investing in the scheme and to retain the SID and SAI for future reference. Investors are advised to consult their Legal /Tax and other Professional Advisors in regard to tax/legal implications relating to their investments in the scheme and before making decision to invest in or redeem the Units. The tax information contained in SID of the scheme and SAI of AlphaGrep Mutual Fund alone may not be sufficient and should not be used for the development or implementation of a scheme or construed as investment advice. Investors alone shall be fully responsible/liable for any investment decision taken on the basis of this document.

Investors are advised to rely upon only such information and/or representations as contained in SID. Any subscription or redemption made by any person on the basis of statements or representations which are not contained in SID of the scheme or which are inconsistent with the information contained herein shall be solely at the risk of the Investor. AlphaGrep Mutual Fund/AMC has not authorized any person to give any information or make any representations, either oral or written, not stated in the SID/SAI in connection with issue of units under the scheme. The Investor is required to confirm the credentials of the individual/firm he/she is entrusting his/her application form along with payment instructions for any transaction in this scheme. The Mutual Fund/Trustee Company/AMC shall not be responsible for any acts done by the intermediaries representing or purportedly representing such Investor.

Mutual Fund investments are subject to market risks and the Investors should review/study SID of the scheme, the SAI and the addenda thereto issued from time to time carefully in its entirety before investing and should not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation or financial/investment matters. There can be no assurance or guarantee that the objectives of the scheme will be achieved and the investment decisions made by the AMC may not always be profitable.

The Product labelling mandated by SEBI is to provide investors an easy understanding of the risk involved in the kind of product / scheme they are investing to meet their financial goals. The Risk-band categorizes the schemes of the Mutual Fund under different levels of risk based on the respective scheme's investment objective, asset allocation pattern, scheme and typical investment time horizon of investors. Therefore, the schemes falling under the same level of risk in the Risk-band may not be similar in nature. Investors are advised before investing to evaluate a scheme not only on the basis of the Product labelling (including the Risk-band) but also on other quantitative and qualitative factors such as performance, portfolio, fund managers, asset manager, etc. and shall also consult their financial advisers, if they are unsure about the suitability of the scheme before investing. The Risk-band of the scheme shall be evaluated on a monthly basis and Mutual Funds/AMCs shall disclose the Risk-band for all their schemes on their websites and on AMFI website within 10 calendar days from the close of each month. Mutual Funds shall also disclose the risk level of the schemes as on March 31 of every year, along with number of times the risk level has changed over the year, on their website and AMFI website. Any change in risk band shall be communicated by way of Notice cum Addendum and by way of an e-mail or SMS to unitholders of that particular scheme.

Neither SID of the scheme nor the SAI of AlphaGrep Mutual Fund, nor the Units of the scheme have been registered in any jurisdiction outside of India, including the United States of America nor in any provincial/territorial jurisdiction in Canada. The distribution of the SID and SAI of AlphaGrep Mutual Fund in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of the SID and SAI of AlphaGrep Mutual Fund in such jurisdictions are required to inform

themselves about, and to observe, any such restrictions. No person receiving a copy of the SID or any accompanying application form in such jurisdiction may treat the SID or such application form as constituting 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 of any registration or other legal requirements.

Investors may note that AMC/Fund Manager's investment decisions may not be always profitable or prove to be correct. Various factors in securities market not only affect the prices of securities but may also affect the time taken by the Mutual Fund for redemption of units, which could be significant in the event of receipt of a very large number of redemption requests or very large value of redemption requests. In the event of restructuring of the scheme's portfolio, the time taken by the scheme for redemption of Units may become significant. The liquidity of the assets may be affected by other factors such as general market conditions, political events, bank holidays and civil strife. In view of this, the Trustee Company has the right in its sole discretion to limit redemption (including suspension of redemption) under certain circumstances. The liquidity of the scheme's investments may be restricted by trading volumes, settlement periods and transfer procedures.

Certain schemes of the Mutual Fund may also invest in overseas financial assets as permitted under the applicable regulations and subject to requisite investment limits being available at the time of undertaking investments, and respective SID. To the extent that the assets of the scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

No persons receiving a copy of this scheme related document or any accompanying application form in such jurisdiction may treat these scheme related documents or such application form as constituting an invitation or solicitation to them to subscribe for units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, the scheme related documents do not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation as per applicable.

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

No person has been authorised to give any information or to make any representations not confirmed in the SID in connection with the SID or the issue of Units, and any information or representations not contained herein must not be relied upon as having been authorised by the Mutual Fund or the Asset Management Company.

The Mutual Fund may disclose details of the investor's account and transactions thereunder to those intermediaries whose stamp/details appears on the application form. In addition, the Mutual Fund may disclose such details to the bankers / its agents, as may be necessary for the purpose of effecting payments to the investor. Further, the Mutual Fund may disclose details of the investor's account and transactions thereunder to any Regulatory/Statutory entities as per the provisions of law.

Neither the Mutual Fund nor the AMC nor any person connected with it accepts any liability arising from the use of this information. The Trustee Company, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the schemes are wound up for the reasons and in the manner provided in SAI.

The AMC may freeze/lock the folio(s) of Unitholder(s) for further transactions or reject any applications for subscription or redemption of Units pursuant to receipt of orders/instructions/directions issued by any Governmental, judicial, quasi-judicial or other similar authority, including orders restricting the unitholder(s) from dealing in securities or for attachment of Units held by such Unitholder(s) and/or an internal investigation is ongoing vis-à-vis an investor.

If the units are held by any person in breach of the Regulations, law or requirements of any governmental, statutory authority including, without limitation, Exchange Control Regulations, the Mutual Fund may mandatorily redeem all the units of any Unit holder where the units are held by a Unit holder in breach of the same. The Trustee may further mandatorily redeem units of any Unit holder in the event it is found that the Unit holder has submitted information either in the application or otherwise that is false, misleading or incomplete.

The AMC and/ or its Registrars & Transfer Agent (RTA) may disclose/share Unit holder's details of folio(s) and transaction details thereunder with the following third parties: a) RTA, Banks and/or authorized external third parties who are involved in transaction processing, dispatching etc., of the Unitholder's investment in the scheme; b) Intermediaries through whom the applications are received for the scheme; c) Any other organizations for compliance with any legal or regulatory requirements or to verify the identity of the Unitholders for complying with anti-money laundering requirements. Further, details may be disclosed the of the investor's account and transactions thereunder to any Regulatory/Statutory entities as per the provisions of law.

## **VI. HOW TO APPLY**

1. New investors can purchase units by using a prescribed Application Form annexed to key information memorandum. Existing unitholders may use the transaction slip printed at the bottom of their account statement or use a 'Transaction form/ application form' for additional purchases. During the new fund offer ("NFO") of a scheme, the existing/ new unitholders need to use the scheme's NFO application form for purchase and for switch transaction from one scheme to another, unitholders may use the transaction slip printed at the bottom of their account statement or use the Transaction Form or any form as advised by AMC from time to time.
2. The Application Form or Transaction Form, as mentioned above, is available at all official points of acceptance of AlphaGrep Mutual Fund, namely, ISCs of the AMC and RTA. The AMC/RTA may open

additional ISCs from time to time. Investors may obtain addresses of official points of acceptance from the relevant SID or by calling the AMC/RTA.

3. The duly completed Application form / transaction slip / Transaction form, as the case maybe, along with the payment instrument may be submitted at any of the official points of acceptance of AlphaGrep Mutual Fund namely, ISCs of the AMC and RTA. The said official points of acceptance of AlphaGrep Mutual Fund will timestamp, and if so desired by the investor return the acknowledgement slip in the application form/ a time stamped copy of the application form, to acknowledge receipt of the application, subject to verification. No other form of acknowledgement will be issued.
4. Payment for the investments can be made either by a cheque or a bank draft / pay order or electronic fund-transfer request or via real time gross settlement (RTGS), national electronic funds transfer (NEFT), One Time Mandate or any other modes offered by AMC from time to time.
5. In the event an Application Form is incomplete, ambiguous or contains inconsistent information including but not limited to mismatch in scheme name, option, plan, dividend instructions, or mode of holding, the AMC / Trustee reserves the right to process such application in accordance with internal policies and regulatory guidelines, including applying a default option as may be specified in the Scheme Information Document or Key Information Memorandum.
6. The AMC may also reject or seek additional documentation in respect of any application which is not accompanied by valid supporting documents or payment instruments or which does not comply with the requirements of applicable laws including SEBI (Mutual Funds) Regulations, 2026, Prevention of Money Laundering requirements, or such other regulatory provisions as may be prescribed from time to time.
7. Mutual funds units can be transacted through all the registered stock brokers of the National Stock Exchange of India Limited (“NSE”) and / or Bombay Stock Exchange Limited (“BSE”), who are also registered with Association of Mutual Funds of India (“AMFI”) and are empaneled as distributors with the AMCs. Investors desirous of transacting through the stock exchange mode may or may not have a demat account with National Securities Depository Limited (“NSDL”)/ Central Depository Services (India) Limited (“CDSL”). The AlphaGrep Mutual Fund offers the abovementioned facility of transacting through the stock exchanges. Please read below for more details:

**Facility to purchase / redeem units of the Scheme(s) through Stock Exchange(s):**

Existing/ New Investors may transact units of the eligible Scheme(s)/ Plan(s) through the Stock Exchange infrastructure. Please refer to the website of the Fund for the eligible Scheme(s)/ Plan(s). Investors have an option to hold the units in physical or dematerialized form. The investors will be able to switch the units from/ to the Eligible Schemes of the Fund through BSE STAR MF Platform and NSE platform. The switch transactions can also be carried through other Stock Exchange infrastructure as and when such a facility is made available by the concerned Stock Exchange. In order to facilitate transactions in mutual fund units through the stock exchange infrastructure, BSE has introduced BSE StAR MF Platform and NSE has introduced Mutual Fund Service System (MFSS/ NMFII). All trading members of BSE & NSE who are registered with AMFI as Mutual Fund Advisors and who have signed up with the AMC and also registered with BSE & NSE as Participants (“AMFI certified stock exchange brokers” or “Brokers”) are eligible to offer this facility to investors. Additionally, the units of the Scheme are permitted to be transacted through Clearing Members of the registered Stock Exchanges. Further, the Depository Participants of registered

Depositories are permitted to process only redemption request of units held in demat form. The eligible AMFI certified stock exchange Brokers/ Clearing Members/Depository Participants who have complied with the conditions stipulated in para no. 17.2 of the Master Circular with respect to stock brokers viz. AMFI /NISM certification, code of conduct prescribed by SEBI for Intermediaries of Mutual Fund will be considered as Official Points of Acceptance (OPA) of the Mutual Fund Distributors registered with Association of Mutual Funds in India (AMFI) and permitted by the concerned recognized stock exchanges shall be eligible to use recognized stock exchanges' infrastructure to purchase and redeem mutual fund units (Demat / Non Demat) on behalf of their clients, directly from Mutual Fund. The facility to transact units through the stock exchange infrastructure shall be in accordance with guidelines issued by SEBI and operating guidelines issued by the respective Stock Exchanges and the Depositories from time to time. For more details, investors are advised to refer to 'Scheme Information Document' of the respective Scheme(s) of AlphaGrep Mutual Fund.

**8. Additional mode of payment through Applications Supported by Blocked Amount (ASBA) during NFO:**

Pursuant to para no. 15.10 of the Master Circular, during the NFO of the schemes launched by AlphaGrep Mutual Fund, investors are provided an additional mode of payment through ASBA facility while applying for the units offered under the scheme(s).

- i) ASBA is an application containing an authorization given by the investor to block the application money in his specified bank account towards the subscription of units offered during the NFO period of the AlphaGrep Mutual Fund schemes.
- ii) ASBA facility is currently available only to those investors who wish to hold the units in dematerialized form.
- iii) An investor intending to subscribe to the units during the NFO through ASBA, is required to submit a duly completed prescribed ASBA application form to a self-certified syndicate bank (SCSB), with whom his/her bank account is maintained, either physically with the designated branches (DBs) of the SCSB, whose name appear on the list displayed is SEBI's website [www.sebi.gov.in](http://www.sebi.gov.in), BSE's website [www.bseindia.com](http://www.bseindia.com), and NSE's website [www.nseindia.com](http://www.nseindia.com) ("Physical ASBA"); or electronically through the internet banking facility offered by the SCSB ("Electronic ASBA"). SCSB means a banker to an issue registered with SEBI which offers facility of ASBA. It may be noted that ASBA application form will not be accepted by any of the offices of AlphaGrep Mutual Fund or its RTA.
- iv) Upon submission of an ASBA application form with the SCSB, an acknowledgement will be given by the SCSB and the investor shall be deemed to have agreed and authorized the designated bank to block the funds in the bank account to the extent of entire subscription amount specified in the application form. However, such acknowledgment does not guarantee, in any manner that the investors will be allotted the units applied for.
- v) On acceptance of the said ASBA form with the SCSB, either in Physical ASBA or Electronic ASBA, the SCSB shall block funds available in the bank account specified to the extent of the application money specified in the ASBA application form.
- vi) The application money towards the cost of the units shall be blocked in the investor's account until allotment of units is made or rejection of the application as the case may be. The amount so blocked shall be unblocked by the SCSBs on (a) allotment of units and such amount shall be transferred to AlphaGrep Mutual Fund's bank account against each valid application; or (b) in case the application is rejected. Thus, for an investor who applies through ASBA facility, the application money towards the subscription

of units shall be debited from his specified bank account only if his/her application is considered for allotment of units. Investors shall ensure that the bank account details mentioned in the ASBA application form is correct and the funds are available in their account for the SCSB to block the amount. If such bank account does not have sufficient amount mentioned towards the subscription of units, SCSB shall reject the ASBA application form.

- vii) During processing of the ASBA form by the Registrar, if the application is found to be incomplete or incorrect, the **SCSB** will be informed about the same. **SCSB** will then unblock such amount from the investor's bank account with appropriate remarks in the investor account. The bank account number in the ASBA application form should necessarily be of the first applicant only. In case where the bank account is jointly held, the first applicant should be one of the joint account holder
- viii) The names of the applicants, the manner of holding, the mode of holding in the application form should exactly match with the information available in the demat account. In case of any mismatch, incorrect or incomplete information, the application may be rejected by the SCSB or the Registrar. All investor related details for allotment of units such as names of the applicants, manner of holding, mode of holding, bank account, etc. will be updated as per the demat account.
- ix) The investors should check their demat accounts for allotment of units within 5 (five) working days of the NFO closure. No physical account statement will be sent to the investors by AlphaGrep Mutual Fund or its Registrar.
- x) All grievances relating to the ASBA facility may be addressed to AMC/RTA to the issue, with a copy to the SCSB, giving full details such as name, address of the applicants, subscription amount blocked on application, bank account number and the designated branch or the collection centre of the SCSB where the ASBA application form was submitted by the investor.
- xi) On the date of closure of the NFO period, the ASBA application form should be submitted to the **SCSBs** before the 3.00 p.m. or such other time as may be decided by respective **SCSBs**.
- xii) AlphaGrep Mutual Fund or its RTA shall not be liable for any negligence or mistake committed by the **SCSBs**.

#### **9. Purchase of units in the schemes offline mode (other than electronic mode):**

Investors should note the following:

- Cheque or demand draft should be crossed "Account Payee Only", and drawn in favour of the name of the scheme in which the investor proposes to invest or in such name mentioned in the SID of the respective scheme. Investors should clearly specify schemes/plans/options in the application form and ensure that the application form is accompanied by a cheque/ demand draft/account-to-account fund transfer instruction to their bankers, favouring schemes/plans / options. In case of ambiguity or any discrepancy, the default option as specified in the SID will be applicable else the application is liable to be rejected.
- Cheque or demand draft should be payable locally at the city where the application is deposited, and should be drawn on any bank that is a member of the local clearing house.
- In case of an applicant who is resident of a city whose banking clearing circle is different from that of any ISC or designated collection center of AMC, the AMC shall bear the bank charges (as per demand draft charges prescribed by SBI Bank) incurred by the investor in obtaining a demand draft(s). In that case,

the investor may obtain a draft for investment amount net of draft charges along with a certificate issued by a bank. The AMC shall not refund any demand draft charges in cash. The aforesaid charges borne by the AMC shall not be charged to the scheme, unless permitted. This facility is available exclusively to resident Indians.

- An investor may invest through a distributor with whom the AMC has made an arrangement, whereby payment may be made through national electronic funds transfer (NEFT) / real time gross settlement (RTGS) / wire transfer or in any manner acceptable to the AMC, and is evidenced by receipt of credit in the bank account of the AlphaGrep Mutual Fund.
- Investors who intend to invest in more than one scheme/plan/option, should submit a separate payment instrument and a separate transaction slip for each such investment or use Multi Scheme Application along with consolidated payment instruction.
- Payment by cash, stock invests and out-station cheques and/or post-dated cheques (“PDCs”) will not be accepted and applications accompanied by such payments are liable to be rejected.

#### **10. Mode of holding**

Applicants need to specify the “mode of holding” in the application form as explained below :

If an application is made by:

- i a sole applicant, the mode of holding should be specified as “Sole’ or “Single”;
- ii two or more applicants (maximum permitted being three applicants), the mode of holding should be specified as “Joint” or “Anyone or Survivor”.

If the mode of holding is specified as “Joint”, all transactions/instructions will have to be signed by all the joint unit holders, while for mode of holding specified as “Anyone or Survivor”, all transactions/instructions may be signed by any one of the unitholders except request for registration /modification/ cancellation of nominee, where all joint holders need to sign. However, in all such cases, the IDCW / redemption proceeds will be paid to the first named applicant / unitholder (as determined by reference to the original application form). Further, the first named unitholder shall receive the account statements, all notices and correspondences with respect to the folio, or IDCW / redemptions or other distributions and also have the voting rights, as permitted, associated with such units.

If the mode of holding is not specified in the application form or is unclear, it will be treated as “any one or survivor”, where there are two or more applicants.

#### **11. For Units held in Electronic (Demat) Mode**

For DP account held in joint names, the rules of the Depository for operation of such DP accounts will be applicable.

#### **12. Tax Status**

Investors should mention the correct Tax Status which should correspond to the 4<sup>th</sup> Character convention of the PAN issued by the Income Tax Department. In case the Tax Status provided by the investor does not correspond to the 4<sup>th</sup> character convention of PAN, then the status as per the PAN 4<sup>th</sup> character maybe updated in the investor folio.

Investors are requested to note that there can be only one tax status which can be tagged against a single PAN i.e. either Resident (RI) or Non-Resident (NRI). There cannot be different tax status for different folios for

the same investor, same PAN. Accordingly, in case the existing tax status in a folio is NRI and the investor makes a new investment with tax status as RI, the new investment will be processed with tax status as NRI. Similarly, if the existing status in a folio is RI and the investor makes a new purchase with tax status as NRI, the tax status of the existing RI folio will be changed to NRI. In case of any change in tax status, Investors should submit a request for change of tax status request before submitting the new investment to avoid any inconvenience. The AMC reserves the right to reject or reverse & reprocess the transactions later in case of any error

### **13. Bank Account details:**

An investor at the time of subscribing with us must provide the details of the pay-out bank account held in India (i.e. account into which redemption / IDCW proceeds are to be paid) including the 11-digit Indian Financial System Code (IFSC) in the application form at the time of purchase of units. The same is mandated to be provided under SEBI Regulations.

In case pay-out bank account is different from pay-in bank account provided in the Application, the investor subscribing under a new folio is required to submit the documentary proof along-with the application form validating that pay-out bank account pertain to the sole / first Applicant. In case of folios held on behalf of a minor, the pay-out bank account should be held in the name of the minor or minor with parent or legal guardian in the folio. Once the bank account is registered in the folio, it can be used for both pay-out and pay-in purposes. Further, this is applicable to exceptional cases as well where Third Party Payments are accepted.

In case the bank account details are not mentioned or are found to be incomplete or invalid in a subscription application, the AMC may, at its discretion, consider the bank account details as appearing on the investment cheque as the default payout bank account for the payment of redemption/IDCW amount etc. Such updation of bank account shall be subject to compliance with the third-party investment guidelines and all applicable validations.

#### **As per SEBI/AMFI guidelines provision pertaining to Bank Mandate are as follows:**

1. No bank account shall be registered in the investor account as part of account opening or subsequent addition or change of bank request unless a validation is undertaken through various modes whereby the investors name, account number/ details are verified.
2. Redemption proceeds shall be credited only to a verified Bank Mandate.
3. There shall be a cooling period of 10 days for acceptance of change of bank mandate digitally post change of both email ID and mobile number in investors folio.

#### **Registration of Multiple Bank Accounts**

(i) The investors may register multiple bank mandates in a single folio using a prescribed form, namely, "Multiple Bank Accounts Registration form", available on AlphaGrep Mutual Fund's website and also at the ISCs. An investor may register up to 5 bank accounts in case the investor is an individual/ Hindu undivided family (HUF) and up to 10 bank accounts in case the investor is a non-individual.

(ii) The following documents are required to be submitted along with the multiple bank accounts registration form:

✓ Cancelled cheque leaf carrying the first unit holder's name (in case of more than one holder) and bank account number printed on the face of the cheque, or

✓ Bank statement / pass book page with account number, account holders' name and address.

✓ A letter from the investor's bank on their letter head certifying the investor's bank account information viz. account holder's name and address, bank account number, bank branch, account type, magnetic ink character recognition (MICR) & Indian Financial System Code (IFSC) code. The letter should be certified by an authorized official of the bank with his/her full signature, name, designation and bank seal.

(iii) By registering multiple bank accounts, investors may use any of the registered bank accounts to receive redemption/IDCW proceeds. These registered bank account details will be used for verification of instrument used for subscription to ensure that third party payments are not used for mutual fund subscription, except where permitted. In case the application for subscription does not comply with the above provisions, the AlphaGrep Mutual Fund retains the sole and absolute discretion to reject / not to process such application and refund the subscription money and shall not be liable for any such rejection.

(iv) In case of existing unitholders, the existing bank mandate, and in case of new investors, their bank account details as mentioned in the application form for initial purchase, shall be treated as default bank account and all additional bank mandates would be considered as optional bank mandates, unless the unitholder gives a separate request to change the same to any of the other registered bank account using the '**Multiple bank accounts registration form**'. However, unitholder may specify any other registered bank accounts for credit of redemption proceeds at the time of requesting for the redemption. In case the investor wants the redemption proceeds to be credited to any one of the optional bank accounts from amongst the bank mandates registered under a folio, the investor needs to clearly indicate the same in the redemption application form. In the absence of such indication, the redemption proceeds would be credited to the default bank account.

(v) In case request for redemption is received together with a change of bank account or before verification and validation of the new bank account, the redemption request would be processed to the registered default bank account. Unit holders may note that it is desirable to submit their requests for change in bank details at least 10 calendar days prior to date of redemption/IDCW payment, if any. Any redemption request placed along or during this period shall ordinarily be processed as per the earlier bank account registered in the records of the Registrar.

(vi) The AMC / Registrar reserves the right to request for any such additional documents or information as it deemed necessary for enabling registration of bank accounts of unitholders.

**Change in Bank Mandate:**

For investors holding units in demat mode, the procedure for change in bank details would be as determined by the depository participant.

For investors holding units in non-demat mode, the unit holder/ investor can change the bank account details under their existing folio by submitting separate form available on the website at [www.alphagrepmf.ai](http://www.alphagrepmf.ai)

**14. Permanent account number (PAN)**

It is mandatory for all investors (including guardians, joint holders, non-resident Indians ("NRIs") and power of attorney holders) to provide their income tax permanent account number (PAN) and complete KYC requirements.

However, as per para no. 15.16 of the Master Circular investors residing in the state of Sikkim are exempt from the mandatory requirement of PAN mentioned above, subject to AMC being able to verify and ascertain the veracity of the claim of the investors that they are residents of Sikkim, on the basis of sufficient documentary evidence.

Investments (including investments in SIPs of up to Rs. 50,000/- (Rupees Fifty Thousand only) per year per investor have been exempted from the requirement of PAN. The aggregate of the lump sum investment (fresh purchase & additional purchase) and micro SIP installments by an investor in a financial year i.e., April to March or on a rolling 1 year basis, which does not exceed Rs. 50,000/- (Rupees Fifty Thousand only) shall be exempt from the requirement of providing the PAN. However, requirements of know your customer (KYC) shall be mandatory and a duly verified/attested copy of such document(s) as may be prescribed by the AMC/Trustee from time to time, needs to be submitted as the proof of identification in lieu of PAN Card copy. Investors may contact any of the ISCs of the AMC or Registrar to know the list of acceptable identification documents which may be provided as proof of identification in lieu of PAN. Further, this exemption shall be applicable only to micro investments made by individuals (including NRIs, but not person of Indian origin (PIOs), minors and sole proprietary firms including joint holders, PIOs, HUFs and other categories of investors will not be eligible for this exemption. For the purpose of identifying micro investment, the value of investments at the investor level (first holder) will be aggregated based on the unique ID number mentioned on the KYC acknowledgement and such aggregation shall be done irrespective of the number of folios / accounts under which the investor is investing.

Further in accordance with SEBI's letter dated September 12, 2022 to AMFI and subsequent AMFI communication dated September 28, 2022, the following process is applicable from April 1, 2023:

- No investments (Systematic transaction, lumpsum, redemption) shall be permitted in folios wherein PAN/ PAN Exempt KYC Reference Number (PEKRN) details are not available.
- Non-PAN and Non-PEKRN folios are liable to be frozen from April 01, 2023.
- Further, non-investor-initiated transactions such as dividend pay-out, if any, declared by the Mutual Fund schemes shall also be disallowed.
- Unitholders whose folio(s) has/have been frozen due to the above requirement shall be able to (permitted to) lodge grievance or avail service request only after furnishing the above details

#### **15. Filling of Application Forms**

Investors are advised to use the prescribed application form provided with the KIM, SIP Registration Form & STP and SWP form, and other standard forms available at the ISCs or the website of AlphaGrep Mutual Fund [www.alphagrepmf.ai](http://www.alphagrepmf.ai), for any financial/non-financial transactions. Any transaction received in any non standard form, is liable to be rejected.

Investors should provide the details / fill the form only in the space / boxes provided in the relevant forms. Any details / notings / information / instruction provided at a non-designated area of the standard form being used, or any additional details then application may be liable to be rejected at discretion of AMC. Any overwriting on the form has to be counter-signed by the investor as per the mode of holding of the folio. AMC and its Registrar reserve the right to disclose the details of the investors and their transactions to banks, couriers, distributors and any other organization for the purpose of transaction confirmations and/or execution, redemption payouts, data validations, compliance with legal and regulatory requirements, or for complying with anti-money laundering requirements.

The Trustees shall have the absolute discretion to reject any application for purchase of units, if in its opinion, increasing the size of the unit capital is not in the general interest of the unitholders, or if for any other reason it does not believe it would be in the best interest of the scheme or its unitholders to accept such an application.

#### **16. Transaction Acceptance through Various Modes:**

Investments in the Schemes may be made through physical application forms, stock exchange platforms, online transaction facilities, registered digital platforms, or such other electronic transaction mechanisms as may be permitted by SEBI or introduced by the AMC from time to time.

The AMC may, through issuance of addenda or notices, extend or modify the modes of transaction including enabling transactions through new digital infrastructure, fintech platforms, or industry utilities without requiring amendment to this document.

#### **17. Web/Electronic Transactions:**

Investors/unitholders may undertake transactions viz. purchase / redemption in electronic modes sources like transactions offered by specified banks, financial institutions, distributors etc., with whom AMC has entered or may enter into specific arrangements including through secured internet sites operated by CAMS and MF Central subject to the investor fulfilling certain terms and conditions as stipulated by AMC from time to time.

Further, the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund, the Registrar may accept transactions through any electronic mode including web transactions and as permitted by SEBI or other regulatory authorities from time to time. Accordingly, the servers (maintained at various locations) of the AMC / CAMS will be the official point of acceptance for all such online / electronic transaction facilities offered by the AMC. For the purpose of determining the applicability of NAV, time of transaction would be the time when request for purchase / sale / switch of units is received in the servers of AMC/RTA

#### **Important note on transactions through Electronic Mode:**

The acceptance of the electronic transactions will be solely at the risk of the Transmitter (i.e. Investor or any person acting on his behalf) of the web / electronic transactions and the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund, the Registrar (collectively referred to as "Recipient" for this section) shall not in any way be liable or responsible for any loss, damage caused to the Transmitter directly or indirectly, as a result of the Transmitter sending or purporting to send such transactions including where a web/ electronic transaction sent / purported to be sent is not processed on account of the fact that it was not received by the Recipient. The Transmitter acknowledges that web /electronic transactions is not a secure means of giving instructions / transactions requests and that the Transmitter is aware of the risks involved including those arising out of such transmission being inaccurate, imperfect, ineffective, illegible, having a lack of quality or clarity, garbled, altered, distorted, not timely etc.

The Transmitter's request to the Recipient to act on any web / electronic transmission is for the Transmitter's convenience and the Recipient is not obliged or bound to act on the same and may without liability accept or refuse instructions by any web / electronic transaction for any or all instructions / transactions. The Transmitter authorizes the Recipient to accept and act on any web / electronic transmission which the Recipient believes in good faith to be given by the Transmitter and the Recipient shall be entitled to treat any

such web / electronic transaction as if the same was given to the Recipient under the Transmitter's original signature. The Recipient at its discretion may treat such electronic transactions as final for all record purposes. In case there is any discrepancy between the particulars mentioned in the electronic transactions and the original document/s that may be received thereafter, the Recipient shall not be liable for any consequences arising therefrom.

The Transmitter agrees that security procedures adopted by the Recipient may include signature verification, telephone call-backs or a combination of the same, which may be recorded by tape recording device and the Transmitter consents to such recording and agrees to co-operate with the Recipient to enable confirmation of such web/ electronic transaction requests. The Transmitter accepts that the web / electronic transactions shall not be considered until time stamped as a valid transaction request in the Scheme(s) in line with SEBI Regulations. In consideration of the Recipient from time to time accepting and at its sole discretion (including but not limited to the AMC extending/ discontinuing such facilities from time to time) acting on any web / electronic transaction request received / purporting to be received from the Transmitter, the Transmitter agrees to indemnify and keep indemnified the AMC, Mutual Fund, Trustee, Directors, employees, agents, representatives of the AMC, Mutual Fund and Trustee, from and against all actions, claims, demands, liabilities, obligations, losses, damages, costs and expenses of whatever nature (whether actual or contingent) directly or indirectly suffered or incurred, sustained by or threatened against the indemnified parties whatsoever arising from or in connection with or any way relating to the indemnified parties in good faith accepting and acting on web / electronic transaction requests including relying upon such electronic transaction requests purporting to come from the Transmitter even though it may not come from the Transmitter. The AMC reserves the right to alter / discontinue all / any of the abovementioned facility(ies) at any point of time. However, the change will be effective only on a prospective basis. Further, the AMC reserves the right to introduce more facility (ies) at a later date subject to prevailing SEBI Guidelines and Regulations. On availing this facility, transmitter will unequivocally be bound by what is stated above.

#### **Application / Transaction through Email mode**

Subject to the investor fulfilling certain terms and conditions as stipulated by the AMC from time to time, the AMC, Mutual Fund, or representative of the AMC/Mutual Fund (“**the Recipient**”) may, at its sole discretion and without being obliged in any manner to do so and without being responsible and/ or liable in any manner whatsoever, accept and process any application, supporting documents and / or instructions submitted by an Investor / Unitholder by email (“**Email Submission**”) and the Investor / Unitholder voluntarily and with full knowledge takes and assumes any and all risk associated therewith.

The Recipient shall have no obligation to check or verify the authenticity or accuracy of Email Submission purporting to have been sent by the investor and may act thereon as if same has been duly given by the investor. Investor will require to email clear instructions from his/her registered email address on records (in Folio) to the designated id i.e. [email.transactions@alphagrepmf.ai](mailto:email.transactions@alphagrepmf.ai) where the trade date applicability will be basis the date and time of the receipt of such email. In all cases, the investor will have to submit the original documents/ instruction to the AMC/ Mutual Fund.

The original of the transaction instructions shall clearly bear on every page the statement “Originals for records”. Further, any failure to do so on part of the investor might result in duplication in processing of transaction and the AMC shall not be held liable as such.

All transaction requests will be deemed to be valid, where applications, transaction slips, forms, supporting documents are received at the designated email id. Documents received on emails shall only be accepted if they are in PDF or JPG format.

The AMC may not necessarily acknowledge the receipt of the email requests. The transaction request sent on the Designated email id will be time-stamped as per the date and time of the email received on the server of the AMC and it shall be considered as final and binding for determining the applicable Net Asset Value (NAV) subject to provisions of cut off timing for applicability of NAV and time stamping requirements, as amended by Securities and Exchange Board of India (SEBI) from time to time. This facility will be provided subject to provisions of cut off timing for applicability of NAV and time stamping requirements, as amended by SEBI from time to time and any other applicable laws, rules and regulations as may be enforced from time to time. For the purpose of determining the applicable NAV in accordance with SEBI (Mutual Funds) Regulations, 2026, the system generated date and time on the transmitted email received at server / system of the AMC and / or its RTA and availability of funds for utilization for the same shall be considered.

The investor acknowledges that it is in the inherent nature of electronic communication/services that transmissions of email may not be received or may not be properly received and may be inadvertently read or may be erroneous or made known to unauthorised persons. Investor agrees that all the risks, errors or breaches (including delayed or non-processing of transaction) shall be borne by the investor, and the Fund/AMC/Trustee/RTA shall not be responsible/liable for any claims, liability, loss, damage, cost, or expenses arising from such risks, errors, or breach of confidentiality.

The investor acknowledges that the Email Submission is not a secure means of giving instructions / transactions requests and that the investor is aware of the risks involved including those arising out of such transmission being inaccurate, imperfect, ineffective, illegible, having a lack of quality or clarity, garbled, altered, distorted, not timely etc.

The investor's request to the Recipient to act on the Email Submission is for the investor's convenience and the Recipient is not obliged or bound to act on the same. The investor accepts that the Email Submission shall not be considered until acknowledged as a valid transaction request in the Scheme in line with SEBI regulations.

In case there is a variation between the documents received vide email as against the original/physical documents which will be received thereafter, the AMC reserves the right to process the transaction as per the documents received vide email and the pecuniary loss if any, due to any such variation shall be entirely borne by the Investor and the AMC shall under no circumstances be liable for such losses.

The investor agrees that the Recipient may adopt additional security measures including signature verification, telephone call backs or a combination of the same, which may be recorded and the investor consents to such recording and agrees to cooperate with the Recipient to enable confirmation of such transaction requests. However, the AMC shall be under no duty to prescribe or adopt any procedures for the purpose of such confirmations or verification and any such procedure prescribed or adopted by the AMC shall not impose upon the AMC any obligation to adopt or comply with the same in any or every instance.

Further, the entity availing the facility for submitting financial transactions via email shall retain records of such transactions in line with the applicable laws / regulations.

In consideration of the Recipient from time to time accepting and at its sole discretion (including but not limited to the AMC extending / discontinuing such facilities from time to time) acting on any Email Submission request received / purporting to be received from the investor, the investor agrees to indemnify and keep indemnified the AMC, Directors, employees, agents, representatives of the AMC, Mutual Fund and Trustees from and against all actions, claims, demands, liabilities, obligations, losses, damages, costs and expenses of whatever nature (whether actual or contingent) directly or indirectly suffered or incurred, sustained by or threatened against the indemnified parties whatsoever arising from or in connection with or any way relating to the indemnified parties in good faith accepting and acting on Email Submission requests including relying upon such transaction requests purporting to come from the investor even though it may not come from the Investor.

**Terms and Conditions for acceptance of financial transactions received through email in case of non-individual investors:**

1. Investors shall submit a copy of the board resolution or an authority letter on the entity's letter head, granting appropriate authority to the designated officials of the entity. The board resolution/ authority letter shall explicitly mention the following:

- (i) List of approved authorized officials who are authorized to transact on behalf of non-individual investors along with their designation and email IDs.
- (ii) An undertaking that the instructions for any financial transactions sent by email by the authorized officials shall be binding upon the entity as if it were a written agreement.

2. In case the document is executed electronically with a valid Digital Signature Certificate (DSC) or through Aadhaar based e-signature by the authorized official/s, the same shall be considered as valid and acceptable, and shall be binding on the non-individual investor even if the transaction request is not received from the registered email id of the authorized official/s. However, the domain name of the email ID through which such email is received should be the same as the non-individual investor's official domain name.

3. In addition to the acceptance of financial transactions via email, scanned copy of duly signed transaction form/request letter bearing wet signatures of the authorized signatories of the entity, received from some other official / employee of the non-individual investor may also be accepted, and shall be binding on the non-individual investor provided —

- (i) The email is also CC'd (copied) to the registered email ID of the authorized official / signatory of the non-individual unitholder; and
- (ii) the domain name of the email ID of the sender of the email is from the same organization's official domain name.

4. In addition to the acceptance of financial transactions via email, scanned copies of duly signed transaction form/request letter bearing wet signatures of the authorized signatories of the entity, received from the registered mutual fund distributor of the entity or a third party duly authorized by the non-individual unitholder may also be accepted subject to fulfillment of the following requirements:

- (i) Authorization letter from the non-individual unitholder authorizing the MFD/person to send the scanned copies of signed transaction form/request letter on behalf the non-individual investor.
- (ii) In such cases, the non-individual unitholder's registered email ID shall also be copied in the email sent by the MFD/person sending the scanned copies of the duly signed transaction form/request letter.

5. No change in /addition to the bank mandate shall be allowed via email. Change in bank details or addition of bank account of the entity shall be permitted only via the prescribed service request form duly signed by the entity's authorized signatories with wet signature of the designated authorized officials.

6. Further, any change in the registered email address / contact details of the entity shall be accepted only through a physical letter (including scan copy thereof) with wet signature of the designated authorized officials of the entity, duly supported by copy of the board resolutions/authority letter on the entity's letter head.

7. Investors shall take necessary safeguards / measures to ensure the security of email communications. The AMC reserves the right to modify the terms and conditions or to discontinue the facility at any point of time.

#### **18. Employee Unique Identification Number (EUIIN)**

Pursuant to paragraph 16.11 of the Master Circular, mutual funds are directed to capture the unique identity number (EUIIN) of the employee/relationship manager/sales person of the distributor (Sales Person) interacting with the investor for the sale of mutual fund products in addition to the AMFI Registration Number (ARN) of the distributor in the application form.

EUIIN aims to assist in tackling the problem of mis-selling even if the employee/relationship manager/sales person leaves the employment of the distributor or his/her sub broker. Quoting of EUIIN is mandatory in case of advisory transactions. Investors shall ensure that the application form, if routed through a distributor shall have a valid ARN code, sub broker ARN code, and EUIIN.

#### **19. PMRN /RIA Code**

Investors shall ensure that the application form, if routed through a Portfolio Manager or an Investment adviser , shall have a valid PMRN code or an RIA code.

#### **20. Prevention of Money Laundering and Know Your Client ('KYC') Requirements**

##### **(A) Regulatory Framework**

In accordance with the provisions of the **Prevention of Money Laundering Act, 2002 ("PMLA")**, the rules framed thereunder and the guidelines issued by the Securities and Exchange Board of India ("SEBI") and the Association of Mutual Funds in India ("AMFI") from time to time, Know Your Customer ("KYC") compliance is mandatory for all investors transacting in the schemes of the Mutual Fund, irrespective of the amount of investment.

Investors shall be required to comply with the applicable KYC requirements prior to undertaking any transaction in the schemes of the Mutual Fund including purchase, additional purchase, redemption, switch, transfer of units, systematic transactions, change in status from minor to major or any other transaction as may be permitted under applicable regulations.

Applications or transactions where valid KYC compliance is not available may be rejected.

## **(B) Persons Required to be KYC Compliant**

KYC compliance shall be mandatory for the following persons:

- a. Individual investors including resident and non-resident investors
- b. Joint holders in a folio
- c. Guardians investing on behalf of minors
- d. Constituted Power of Attorney (PoA) holders
- e. Non-individual investors such as companies, partnership firms, trusts, societies and other entities
- f. Ultimate Beneficial Owners (“UBOs”) of non-individual investors, wherever applicable
- g. Any person becoming entitled to units through operation of law including transmission of units.

Mutual Fund including purchase, additional purchase, redemption, switch, transfer of units, systematic transactions and change in status from minor to major.

## **(C) KYC Registration and Centralised KYC Records**

KYC records of investors are maintained by SEBI registered KYC Registration Agencies (“KRAs”) in order to ensure uniformity in the KYC process across intermediaries in the securities market.

Investors who have already complied with KYC requirements with any SEBI registered intermediary and whose KYC status is validated in the KRA system may not be required to undergo the KYC process again with the Mutual Fund, subject to verification of their KYC status.

The Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (“CERSAI”) to act as the Central KYC Records Registry (“CKYCR”) under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005.

Under the CKYC framework, investors completing the CKYC process are allotted a 14-digit KYC Identification Number (“KIN”), which may be quoted in the application form.

The AMC or its Registrar and Transfer Agent (“RTA”) may upload KYC records to the KRA system and, where applicable, to the CKYCR system in accordance with regulatory requirements.

## **(D) Permanent Account Number (PAN)**

Permanent Account Number (“PAN”) issued by the Income Tax Department is the unique identification number for investors transacting in the securities market and is mandatory for all investors, irrespective of the amount of investment.

PAN shall be required for all transactions in the schemes of the Mutual Fund including those undertaken by joint holders, guardians acting on behalf of minors and non-resident investors.

Applications not accompanied by valid PAN details may be rejected.

Exemption from PAN requirements may be available in certain cases such as:

- a. Investments by the Central Government or State Government
- b. Officials appointed by courts (e.g. Official Liquidator, Court Receiver)
- c. Residents of the State of Sikkim
- d. Such other categories as may be permitted under applicable regulations,

subject to submission of alternate identity and address proof documents as prescribed.

### **(E) KYC Procedure**

In order to ensure uniformity in the KYC process across the securities market, SEBI has prescribed a **Common KYC Application Form** to be used by investors while completing KYC with SEBI registered intermediaries including mutual funds.

Investors are required to submit the prescribed KYC application form along with supporting documents including proof of identity, proof of address, photograph and such other information as may be required under applicable regulations.

Investors and their authorised representatives may be required to produce reliable and independent source documents for verification of identity, residential address and financial information as required by the Mutual Fund / AMC.

The Mutual Fund / AMC reserves the right to seek additional information or documentation from investors in order to comply with applicable regulatory requirements.

### **(F) In-Person Verification (IPV)**

As part of the KYC process, **In-Person Verification (“IPV”)** of the investor is required to be carried out by a SEBI registered intermediary or authorised entity.

IPV may be completed through:

- a. Physical verification at the offices or authorised points of the intermediary; or
- b. Digital or video-based mechanisms permitted under SEBI regulations.

### **(G) Modes of Completing KYC**

Investors may complete the KYC process through:

- a. **Physical Mode:** Submission of the prescribed KYC application form along with required supporting documents at the official points of acceptance of the Mutual Fund, AMC, RTA or KRA.
- b. **Digital / Online Mode:** Completion of KYC through electronic or online facilities provided on the website or authorised platforms of the AMC or other SEBI registered intermediaries, in accordance with applicable regulatory guidelines.

### **(H) Non-Compliance and Regulatory Reporting**

The Mutual Fund / AMC may require investors to furnish additional information or documents to comply with applicable laws relating to PMLA and KYC.

In the event that an investor or the person making payment on behalf of the investor fails to provide the required documentation or information, or where the Mutual Fund / AMC believes that a transaction is suspicious in nature, the Mutual Fund / AMC may take appropriate action including:

- a. rejection of applications or transactions
- b. freezing of investor folios
- c. mandatory redemption of units
- d. reporting the transaction to the **Financial Intelligence Unit – India (“FIU-IND”)** or other regulatory authorities.

The Mutual Fund, AMC, Trustee Company and their directors, employees and agents shall not be liable for any consequences arising out of actions taken in good faith to comply with applicable laws and regulations.

### **(I) Transactions Based on Pending KYC**

Where a transaction has been processed based on a KYC application that is pending or under process and such KYC application is subsequently rejected, invalidated or placed on hold by the KRA or CKYCR, the transaction may be rejected or reversed.

In such cases, the subscription amount may be refunded to the investor without interest within the timelines prescribed under applicable regulations.

### **21. US Person and residents of Canada**

The U.S. Securities and Exchange Commission (SEC) requires that a person falling under the definition of the term 'US Person' under the Securities Act of 1933 of U.S.A and corporations or other entities organized under the U.S. laws shall not be permitted to make investments in securities not registered under the Securities Act, 1933. Also, the Canadian Securities Administrator ("CSA") mandates prior registration of the fund with CSA before marketing or selling to the residents of Canada. The investors are hereby informed that none of the schemes of AlphaGrep Mutual Fund are presently registered under the relevant laws, as applicable in the territorial jurisdiction of U.S. or in any provincial or territorial jurisdiction of Canada. Hence, the units made available under the SAI or SID of all the schemes may not be directly or indirectly be offered for sale in any of the provincial or territorial jurisdiction in U.S. and/or Canada or to/or for the benefits of the residents thereof. Accordingly, the persons, corporations and other entities organized under the applicable laws of the U.S. including qualified foreign investors (QFI) registered in USA and Canada and residents of Canada as defined under the applicable laws of Canada will not be permitted to make any fresh purchases/additional purchases/switches in any of the schemes of the AlphaGrep Mutual Fund, in any manner whatsoever. Further, subscriptions and other transactions may be restricted from the investors (including NRIs/OCIs/PIOs/FPIs who are residing in any Financial Action Task Force (FATF) declared noncompliant country or territory. Please note that the abovementioned "U.S. Person" shall exclude non-resident Indians ("NRI")/ Overseas Citizens of India ("OCI") or Person of Indian Origin (PIO) or Foreign Portfolio Investors registered with SEBI ("FPI") which are permitted to invest in the units of domestic mutual funds pursuant to the provisions of the Foreign Exchange Management Act, 1999 and the regulations thereunder. Such classes of investors are requested to note the following:

- i No fresh purchases (including SIPs and STPs)/additional purchases/switches in any schemes of the AlphaGrep Mutual Fund would be allowed.
- ii For transaction from stock exchange platform, while transferring units from the broker account to investor account, if the investor has U.S./Canadian address then the transactions would be rejected.
- iii In case it is subsequently identified that the subscription amount is received from U.S. Person(s) or resident(s) of Canada, in that case the AMC/AlphaGrep Mutual Fund at its discretion shall redeem all the units held by such person from the scheme of the AlphaGrep Mutual Fund at applicable NAV.
- iv Notwithstanding the above, the Trustee / AMC reserves the right to put the transaction requests received from such U.S. person on hold / reject the transaction request /redeem the units, if allotted, as the case may be, as and when identified by the AMC that the same is not in compliance with the applicable laws and/or the terms and conditions stipulated by Trustee / AMC from time to time. Such redemptions will be subject to applicable taxes and exit load, if any.

However, NRIs/OCIs/PIOs residing in U.S. may invest / transact (subscription and/or switch transactions), in the Scheme(s) of AlphaGrep Mutual Fund, only during their presence in India, in physical mode with the submission of additional documents/undertakings, etc., as may be stipulated by AMC/Trustee from time to time and subject to compliance with all applicable laws and regulations prior to investing in the Scheme. Please note that the documents in relation to the subscription shall be accepted by the AMC at the investor service centres. Similarly, FPIs may invest in eligible Scheme(s) of AlphaGrep Mutual Fund through specified modes as allowed by SEBI guidelines and subject to compliance with all applicable laws and regulations and the terms, conditions, and documentation requirements stipulated by the AMC / Trustee from time to time, prior to investing in the Scheme(s). Please note that the investor shall be responsible for complying with all the applicable laws for such investments.

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

### **(A) Regulatory Requirement**

Pursuant to the provisions of the Prevention of Money Laundering Act, 2002 (“PMLA”), the rules framed thereunder and the guidelines issued by the Securities and Exchange Board of India (“SEBI”) and the Association of Mutual Funds in India (“AMFI”), including the SEBI Master Circular on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) dated June 6, 2024 (as amended from time to time), non-individual investors are required to provide details of their Ultimate Beneficial Owner(s) (“UBO”).

### **(B) Definition**

A Beneficial Owner / Ultimate Beneficial Owner (“UBO”) means the natural person(s) who ultimately own, control or influence a client and/or the person(s) on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement.

### **(C) Applicability**

The requirement to disclose beneficial ownership shall apply to all categories of investors other than:

- a. Individual investors
- b. Companies listed on a recognised stock exchange in India
- c. Majority-owned subsidiaries of such listed companies subject to compliance with applicable regulatory requirements.

Where the investor or the controlling owner is an entity listed on a recognised stock exchange in India or in jurisdictions notified by the Central Government, or a subsidiary of such listed entity, details of shareholders or beneficial owners may not be required to be provided.

### **(D) Identification of Beneficial Owners**

#### **D.1. Companies, Partnership Firms and Other Juridical Persons**

Where the investor is an unlisted company, partnership firm or unincorporated association / body of individuals, the beneficial owner shall be the natural person(s) acting alone or together, or through one or more juridical persons, who exercise control through ownership or who ultimately have controlling ownership interest in the entity.

Controlling ownership interest means ownership of or entitlement to:

more than 10% of shares or capital or profits, where the entity is a company;

more than 10% of capital or profits, where the entity is a partnership firm;

more than 15% of property, capital or profits, where the entity is an unincorporated association or body of individuals.

Where no natural person is identified under the above criteria, the details of the senior managing official shall be provided.

#### D.2. Trusts

Where the investor is a trust, the following persons shall be considered as beneficial owners:

settlor of the trust

trustee(s)

protector (if any)

beneficiaries with 10% or more interest in the trust

any other natural person exercising ultimate effective control over the trust.

#### D.3. Foreign Investors

For foreign investors including Foreign Portfolio Investors (FPIs), identification of beneficial ownership shall be in accordance with the applicable SEBI regulations and KYC requirements.

#### D.4. KYC Compliance and Ongoing Disclosure

a. Each identified UBO shall be KYC compliant.

b. Non-individual investors are required to provide beneficial ownership details in the prescribed format along with supporting documentation at the time of investment.

c. In case of any change in beneficial ownership, the investor shall promptly inform the Mutual Fund / AMC, its Registrar and Transfer Agent (“RTA”) or the KYC Registration Agency (“KRA”), as applicable.

#### D.5. Non-Submission of Information

In the event the investor fails to provide the required beneficial ownership information or documentation, the Mutual Fund / AMC reserves the right to:

reject applications or subscription requests

reject additional purchase / switch requests

restrict further investments

seek additional information or documentation as required under applicable laws.

### **23. Applications On Behalf of Minors**

In the case of investments made “on behalf of minor”, the application shall be made / signed by the natural or court-appointed guardian, subject to the following:

i The minor shall be the first and the sole holder in the account.

ii Payment for 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. In account where unitholder is a minor, there can be no joint holders or nominees.

iii Guardian can be either natural guardian (i.e. father or mother) or a court appointed legal guardian.

iv In case of natural guardian, the documents evidencing the relationship will have to be submitted (if the same is not available as part of the documents submitted for proof of DOB) and in case of court appointed legal guardian- a notarised photo copy of the court order should be submitted along with the application.

i It is also mandatory to provide minor's date of birth in application form along with any of following supporting documents:

ii birth certificate of the minor, or

iii school leaving certificate/Mark sheet issued by higher secondary board of respective states, the Indian certificate of secondary education (ICSE), the central board of secondary education (CBSE) etc., or

iv passport of the minor, or

v any other suitable proof evidencing the date of birth of the minor, which is acceptable to the AMC.

vi Irrespective of the source of payment for subscription, all redemption proceeds shall be credited only in the verified bank account of the minor, i.e. the account the minor may hold with the parent/legal guardian after completing the KYC formalities.

vii In addition to the existing procedures, for systematic transactions in a minor's folio, the AMC/ Mutual Fund will register standing instructions only till the date when the minor Unitholder attains the age of majority, even though the instructions may be for a period beyond that date. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC details, updated bank account details including cancelled original cheque leaf of the new account.

The AMC reserves the right to seek additional documentation and to reject applications where regulatory requirements are not fulfilled.

#### **Change of Status from Minor to Major:**

Prior to the minor Unitholder attaining the age of majority, the AMC/ Mutual Fund will send a notice to the minor Unitholder at the registered correspondence address /email id advising such minor Unitholder to submit, on attaining the age of majority, an application form along with prescribed documents to change the status of the folio/s from 'minor' to 'major'. The AMC may specify such procedures for regularisation of the Folio/s, as it may deem appropriate from time to time. Till the receipt of such intimation /information from the minor turned major Unitholder, existing contract as signed by the parent/legal guardian of the minor Unitholder will continue. However, from the date of attainment of majority, Folio/s of the minor Unitholder will be frozen for operation by the representing guardian and all transactions will be suspended. No transactions will be permitted in the Folio(s) till the regularization of the Folio/s in a manner prescribed by the AMC / Mutual Fund.

The AMC/ Mutual Fund will register standing instructions like SIP/ STP etc. for a folio held by a minor Unitholder from the parent/ legal guardian only till the date when the minor Unitholder attains the age of majority, even though the instructions may be for a period beyond that date.

#### **Change of Guardian:**

In case of change of natural parent/legal guardian of a minor Unitholder, the new parent/legal guardian must submit the documents prescribed by the AMC/Mutual Fund, including the following:

- No Objection Certificate (NoC) or Consent Letter from existing parent or Court Order appointing new legal guardian for the benefit of the minor Unitholders.
- KYC Acknowledgment Letter of new parent/legal guardian.

#### **24. Applications by NRIs, Overseas Citizen of India (“OCIs”) and Foreign Portfolio Investors (“FPIs”)**

In terms of Notification no. FEMA 20/2000 dated May 03, 2000 read with Notification No. FEMA 20(R)/2017-RB dated November 7, 2017, NRIs, OCIs and FPIs may purchase units of a mutual fund subject to the conditions specified in the Notification No. FEMA 20(R)/2017-RB dated November 7, 2017. NRIs and OCIs can purchase the units on repatriation and non-repatriation basis, while FPIs can purchase only on a repatriation basis. They shall attach a copy of the cheque used for payment or a foreign inward remittance certificate (FIRC) or an account debit certificate from the bankers along with the application form and the account type shall be clearly ticked as non-resident external (NRE) or non-resident ordinary (NRO) or foreign currency non-resident (FCNR), to enable the AMC to determine the repatriation status of the investment amount. AMC and the Registrar may rely on the repatriation status of the investment purely based on the details provided in the application form. The AMC reserves the right to seek additional documentation and to reject applications where regulatory requirements are not fulfilled.

##### **i Repatriation basis**

NRIs and OCIs may pay their subscription amounts by way of Indian rupee drafts purchased abroad, cheques drawn on non-resident (external) (NRE) accounts or Indian rupee drafts payable at par at any of the ISCs and purchased out of funds held in non-resident external accounts / foreign currency non-resident accounts. FPIs may pay their subscription amounts either by way of inward remittance through normal banking channels or out of funds held in foreign currency accounts or non-resident rupee accounts maintained under Foreign Exchange Management (Deposit) Regulations, 2016. NRIs shall also be required to furnish such other documents as may be necessary and as requested by the AMC/AlphaGrep Mutual Fund/RTA, in connection with the investment in the schemes.

##### **ii Non-Repatriation basis**

NRIs and OCIs may pay their subscription amounts by cheques/demand drafts drawn out of non-resident ordinary (NRO) accounts/ non-resident special rupee (NRSR) accounts and non resident non-repatriable (NRNR) accounts payable at the city where the application form is accepted.

## 25. Investment through Third party Payment(s)

(i) In order to enhance compliance with KYC norms under the PMLA and to mitigate the risks associated with acceptance of third party payment instruments (cheques, demand drafts, pay orders etc.), AMFI has issued best practice guidelines on risk mitigation process against third party cheques in AlphaGrep Mutual Fund subscriptions.

(ii) In line with these recommendations, the AlphaGrep Mutual Fund / the AMC shall not accept applications for subscriptions for purchase of units accompanied with third party payment instruments. For this purpose, “**Third Party Payment**” shall mean payment made through an instrument issued from an account other than that of the beneficiary investor. In case of payment instruments issued from a joint bank account, the first named applicant/investor must be one of the joint holders of the bank account from which the payment instrument is issued.

### **Exception:**

The AMC/ Registrar of the AlphaGrep Mutual Fund will accept subscriptions to schemes of the AlphaGrep Mutual Fund accompanied by Third-Party Payment instruments only in exceptional cases mentioned below:

- Payment by employer on behalf of employee under SIP facility through payroll deductions;
- Custodian on behalf of an FPI or a Client

iii) Investors may please note that in case of Minor investment, shall be permitted only from bank account of the minor, parent, or legal guardian of the minor or from a joint account of the minor with the parent or legal guardian only, else the transaction is liable to get rejected.

iv) The investors making an application under the above-mentioned exceptional cases are required to comply with the following conditions, without which their applications for subscriptions for units will be rejected / not processed.

a) Mandatory KYC compliance of the investor and the person making the payment, in order to determine the identity of the investor and the person issuing the payment instrument.

b) Submit a separate, 'Third Party Payment Declaration Form' from the beneficiary applicant/s (guardian in case of minor) and the person making the payment. Declaration by the person making the payment should give details of the bank account from which the payment is made and the relationship with the beneficiary. The declaration form is available at [www.alphagrepmf.ai](http://www.alphagrepmf.ai) . Verifying the source of funds to ensure that funds have come from the drawer’s account only.

(v) The AMC shall adopt the following process for identifying Third Party Payments and accordingly, investors are required to comply with the requirements specified below:

#### (a) Payment by Cheque:

An investor at the time of his/her purchase must provide the details of pay-in bank account (i.e. account from which a subscription payment is made) and pay-out bank account (i.e. account into which redemption/IDCW proceeds are to be paid). [Identification of third party cheques by the AMC / Registrar will be on the basis of either matching of pay-in bank account details with registered/pay-out bank account details or by matching the bank account number/name/signature of the first named investor with the name/account number/signature available on the cheque. If the name/bank account number is not pre-printed on the cheque and signature on the cheque does not match with signature on the application, then the first named applicant/investor should submit any one of the following documents:

i) a copy of the bank passbook attested by the Bank Manager or a statement of bank account (in original) having the name and address of the account holder and account number; ii) a letter\* (in original) from the bank on the bank's letterhead certifying that the investor maintains an account with the bank, along with information like bank account number, bank branch, account type, the MICR code of the branch & IFSC Code (where available).

[\* In respect of clause (iv)(a)(ii) above, it should be certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number.]

Investors should note that where the bank account numbers have changed on account of the implementation of core banking system at their banks, any related communication from the bank account number should accompany the application form for subscription of units.

(b) Payment by Prefunded Instrument:

i) If the subscription is settled with pre-funded instruments such as pay order, demand draft, banker's cheque, etc., a certificate (in original) from the issuing banker must accompany the purchase application, stating the account holder's name and the account number which has been debited for issue of the instrument. The account number mentioned in the certificate should be a registered bank account or the first named unitholder should be one of the account holders to the bank account debited for issue of such instruments.

ii) A pre-funded instrument issued against cash shall not be accepted, except in case of payment made by parents/grandparents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs. 50,000/- (Rupees Fifty Thousand only). This also should be accompanied by a certificate from the banker giving name, address and PAN of the person who has procured the payment instrument.

The Certificate(s) mentioned in clauses (i) and (ii) above should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number.

(c) Payment by electronic transfer such as Real Time Gross Settlement (RTGS) / National Electronic Fund Transfer (NEFT) / Direct Credit (DC) / National Automated Clearing House (NACH)/ Net banking/ Unified Payment Interface (UPI)/ Immediate Payment Service (IMPS) or such other modes as may be introduced by RBI from time to time and made available by the AMC. The investor should place an RTGS / NEFT/Fund Transfer request with their bank from where the funds are to be paid and submit the bank acknowledged copy of request letter with the application form by mentioning the Unique Transaction Reference (UTR) Number / Transaction reference number which is generated for their request by the bank. RTGS/NEFT request is subject to the RBI regulations and guidelines governing the same. The account number mentioned on the transfer instruction copy should be a registered bank account or the first named unitholder should be one of the account holders to the bank account.

The AMC/Mutual Fund shall not be liable for any loss arising or resulting from delay in credit of funds in the Mutual Fund/scheme collection account.

In the case of NRIs/FPIs/PIOs/OCIs, payment may be made either by inward remittance in Indian rupees through normal banking channels and out of funds held in the NRE / FCNR in the case of Purchases on a repatriation basis or out of funds held in the NRE / FCNR / NRO account, in the case of Purchases on a non-repatriation basis.

The above broadly covers the various modes of payment for mutual fund subscriptions. The above list is only indicative not exhaustive list and any other mode of payment as introduced from time to time will also

be covered accordingly. In case the application for subscription does not comply with the above provisions, the AMC / Registrar retains the sole and absolute discretion to reject/not process such application and refund the subscription money and shall not be liable for any such rejection.

AMC may adopt additional measures like Penny Drop validations or any other to identify the third party payment irrespective of the mode of payment

**(d)Cash Investments:**

Currently, the AMC is not accepting cash investments. However, the said option may be introduced at a later date and a notice in this regard shall be published as and when the facility is made available.

**26. Applications under power of attorney or by body corporate/ registered society/ trust/ partnership**

Every investor, depending on the category under which he/she/ it falls, is required to provide the relevant documents along with the application form as may be prescribed by AMC.

In case of an application under the Power of Attorney or by a limited company, body corporate, registered society or partnership etc., the relevant Power of Attorney or the relevant resolution or authority to make the application as the case may be, or duly certified copy thereof, along with the memorandum and articles of association/bye-laws must be lodged at the Registrar's Office at the time of submission of application.

In case an investor has issued Power of Attorney (POA) for making investments, switches, redemptions etc. under his folio, both the signature of the investor and the POA holder have to be clearly captured in the POA document to be accepted as a valid document. At the time of redemption / switches the fund would not be able to process the transaction unless POA holder's signature is available in the POA.

Original or certified true copies of the following documents should be submitted by Companies/Bodies Corporate/PSUs/Banks and Financial Institutions along-with the application form:

Ø Board resolution authorizing the investment

Ø List of authorized officials to make such investment along with the specimen signature of such authorized officials

Ø Know Your Client (KYC), FATCA, CRS & Ultimate Beneficial Ownership (UBO) Self Certification

“Non-profit organization” (NPO) means an organization which has been constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or a Company registered under the section 8 of the Companies Act, 2013 (18 of 2013);

All NPOs are mandated to register themselves in DARPAN portal of NITI Aayog- <https://ngodarpan.gov.in/>. All applicable Trusts/Societies/Section 8 companies should register themselves suitably and submit the declaration along with NPO registration number allotted by DARPAN portal to MF/RTA, else it might result in transaction rejection. Trusts/Societies/Section 8 companies who do not fall under the new NPO definition should confirm that they are not falling under the referred NPO definition.

The onus of authentication of the documents shall be on the Investors and the AMC/Mutual Fund will accept and act on these in good faith wherever the documents are not expressly authenticated. Submission of these documents by such investors shall be full and final proof of the investors' authority to invest and the AMC/Mutual Fund shall not be liable under any circumstances for any defects in the documents so submitted.

## 27. Change in Static Information

### (i) Change in the Bank Mandate:-

(i) Updation of bank accounts in an investor's account/folio should be either through multiple bank account registration form or a standalone separate change of bank mandate form.

(ii) In case of standalone change of bank AlphaGrep Mutual Fund shall collect the supporting documents towards the proof of new bank details as given below. Based on AMC's internal risk assessment, the AMC may also consider collecting proof of old bank account and proof of identity of the clients, while effecting a change of bank account. Investors are required to submit any one of the following documents in original or produce originals for verification or copy attested by the account holder's bank :-

- Cancelled original cheque of the new bank mandate with first unit holder name and bank account number printed on the face of the cheque; or
- Self attested copy of bank statement; or
- Bank passbook with current entries not older than 3 (three) months; or
- Bank letter duly signed by branch manager/authorized personnel on the letter head of the bank.

(iii) Investors are advised to register multiple bank accounts and choose any of the existing registered bank accounts towards receipt of redemption proceeds.

(iv) Any unregistered bank account or a new bank account forming part of redemption request will not be entertained or processed.

(v) Any change of bank mandate request received/processed few days prior to submission of redemption request or on the same day as a standalone change request, the AMC will continue to follow cooling period of 10 (Ten) calendar days for validation of the same.

(vi) The AMC may consolidate investments made by an investor across multiple applications into a single folio subject to consistency of holding pattern, KYC status, and other operational parameters.

(vii) Where multiple applications are received from the same investor with identical details, the AMC reserves the right to process such applications in a manner deemed appropriate including consolidation, rejection of duplicate requests, or seeking clarification from the investor.

(viii) The AMC / Registrar reserves the right to undertake other mitigation measures, as it may deem necessary to verify and confirm the request from the investor.

## 28. Suspension of Sale of the AlphaGrep Mutual Fund units

The Mutual Fund at its sole discretion reserves the right to withdraw Sale (including switch-in) of the Units in the Scheme(s) (including Plan / Option of the Scheme) temporarily or indefinitely, if in the opinion of the AMC the general market conditions are not favourable and / or suitable investment opportunities are not available for deployment of funds.:

i When one or more stock exchanges or markets, which provide the basis for valuation for a substantial portion of the assets of the schemes, is/are closed, otherwise than for ordinary holidays.

ii When, as a result of political, economic or monetary events or any circumstance outside the control of the trustee and the AMC, disposal of the assets of the schemes is not reasonable or would not reasonably be practicable without being detrimental to the interests of the unit holders.

- iii In the event of a breakdown in the means of communication used for the valuation of investments of the schemes, without which the value of the securities of the schemes cannot be accurately arrived calculated.
- iv During periods of extreme volatility of markets, which in the opinion of the AMC, are prejudicial to the interests of the unit holders.
- v In the case of natural calamities, strikes, riots, bandhs etc.
- vi During the period of Book Closure.
- vii When the money markets which provide basis for valuation are closed/not accessible otherwise than for ordinary holidays.
- viii In the event of any force majeure or disaster that affects the normal functioning of the AMC or the Registrar.
- ix In the event of any unforeseen situation that affects the normal functioning of the stock exchange(s).
- x In case of fund of fund schemes, if the underlying schemes suspend sale (including switch-in) of units.

Additionally, the AMC reserves the right in its sole discretion to withdraw the facility of Sale (including switch-in) of Units into and out of the Scheme(s) (including any one Plan / Option of the Scheme), temporarily or indefinitely, if AMC views that changing the size of the corpus may prove detrimental to the existing Unit holders of the Scheme(s).

#### **29. Transaction through MF UTILITY platform as an Official Point of Acceptance (OPA)**

AGIM has entered into an agreement with MF Utilities India Private Limited (“MFUI”) a “Category II - Registrar to an Issue” under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 2025, for usage of MF Utility (“MFU”) - a shared services initiative of various asset management companies, which acts as a transaction aggregator for transacting in multiple schemes of various mutual funds with a single form and a single payment instrument. Accordingly, all the authorized Points of Service (“POS”) and website/mobile applications of MFUI shall be eligible to be considered as “OPA” for all financial and nonfinancial transactions in the schemes of AGMF either physically or electronically with effect from September 27, 2019. The list of POS of MFUI is published on the website of MFUI at [www.mfuindia.com](http://www.mfuindia.com). Applicability of NAV shall be based on time stamping as evidenced by confirmation slips given by POS of MFUI and also the realization of funds in the Bank account of AGMF (and NOT the time of realization of funds in the Bank account of MFUI) within the applicable cut-off timing. The uniform cut-off time as prescribed by SEBI and mentioned in the SID/KIM shall be applicable for applications received through such facilities. Investors are requested to note that MFUI will allot a Common Account Number (“CAN”) i.e. a single reference number for all investments in the mutual fund industry for transacting in multiple schemes of various mutual funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form and necessary documents at the POS. The AMC and/or its Registrar and Transfer Agent shall provide necessary details to MFUI, as may be needed, for providing the required services to investors/distributors through MFU. Investors are requested to visit the website of AGMF [www.alphagrepmf.ai](http://www.alphagrepmf.ai) or MFUI [www.mfuindia.com](http://www.mfuindia.com) to download the relevant forms. For any queries or clarifications related to MFU, please contact the Customer Care of MFUI, on 022 6134 4316 (during the business hours, on all days, except Saturday, Sunday and public holidays).

AGMF/AGIM reserve the right to introduce, change, modify or withdraw the facility available at any point of time and to restrict the number/type of schemes being offered through this facility.

### **30. Online Transactions through Website of AlphaGrep Mutual Fund**

Facility of online transactions is available on the official website i.e. [www.alphagrepmf.ai](http://www.alphagrepmf.ai) of AlphaGrep Mutual Fund. Consequent to this, the said website and a mobile application in future is declared to be an “official point of acceptance” for applications for subscriptions, redemptions, switches and other facilities. The Uniform Cut-off time as prescribed by SEBI and as mentioned in the Scheme Information Documents of respective schemes shall be applicable for applications received on the website. However, investors should note that transactions on the website shall be subject to the eligibility of the investors, any terms & conditions as stipulated by AlphaGrep Mutual Fund/AlphaGrep Investment Management from time to time and any law for the time being in force.

### **31. Official Point of Acceptance for MFCentral**

As per paragraph 17.5 of the Master Circular, to comply with the requirements of RTA interoperable Platform for enhancing investors’ experience in Mutual Fund transactions / service requests, the QRTA’s, Computer Age Management Services Limited (CAMS) and Kfin Technologies Private Limited (Kfintech) and have jointly developed MFCentral - A digital platform for Mutual Fund investors.

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

MFCentral will be enabling various features and services in a phased manner. MFCentral may be accessed using <https://mfcentral.com> and a Mobile App in future with a view to comply with all provisions of the aforesaid circular and to increase digital penetration of Mutual funds, AlphaGrep Mutual Fund (“the Fund”) designates MF Central as its Official point of acceptance (ISC –Investor Service Centre).

### **32. Treatment of Financial Transactions Received through Suspended Distributors**

The financial transactions of an investor where his distributor’s AMFI Registered Number (ARN) has been suspended temporarily or terminated permanently by Association of Mutual Fund in India (AMFI) shall be processed as follows.

1. During the period of suspension, no commission shall be accrued or payable to the distributor whose ARN is suspended. Accordingly, during the period of suspension, commission on the business canvassed prior to the date of suspension shall stand forfeited, irrespective of whether the suspended distributor is the main ARN holder or a sub-distributor.
2. All Purchase / Switch requests (including under fresh registrations of Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP) or under SIPs / STPs registered prior to the suspension period) received during the suspension period shall be processed under Direct Plan and continue to be processed under Direct Plan perpetually\*.

(\*Note: If AlphaGrep Investment Management Private Limited (“AGIM”) receives a written request / instruction from the unit holder to shift back to Regular Plan under the ARN of the distributor post the revocation of suspension of ARN, the same shall be honored. Further, AGIM AMC shall also suitably inform the concerned unitholders about suspension of the distributor from doing mutual fund distribution business).

3. All Purchase / Switch transactions including SIP / STP transactions received through the stock exchange platform, through distributor whose ARN has been suspended, shall be rejected.
4. In cases where the ARN of the distributor is permanently terminated, the unitholders have the following options:
  - Switch their existing investments under the Regular Plan to Direct Plan (with capital gains taxes implication); or
  - Continue their existing investments under the Regular Plan under ARN of another distributor of their choice.

### **33. Mandatory Updation of Know Your Customer (KYC) Requirements For Processing Of Mutual Fund Transactions**

Financial transactions (including redemptions, switches and all types of systematic plans) and nonfinancial requests will not be processed if the unit holders have not completed KYC requirements.

Unit holders are advised to use the applicable KYC Form for completing the KYC requirements and submit the form at the Investor Service Centre/ Official Point of Acceptance. Further, upon updation of PAN details with the KRA (KRA-KYC)/ CERSAI (CKYC), the unit holders are requested to intimate us/our Registrar and Transfer Agent their PAN information along with the folio details for updation in our records.

32. Subscription amount received in any of the Ongoing schemes of AlphaGrep Mutual Fund is “Not In Good Order” shall be refunded within T+5 Business days from the later of the date of identifying the remitter details, based on credit provided by the bank or receipt and time stamping of application/online transaction.

### **34. Email Communication:**

If the investor has provided an email address, the same will be registered in AlphaGrep Investment Management Private Limited (“AGIM”) records and will be treated as his consent to receive allotment confirmations, account statement, annual report/abridged summary and any statutory /other information as permitted via electronic mode /email.

Unit holder who wish to receive these documents in physical mode may email us on [clientservices@alphagrepmf.ai](mailto:clientservices@alphagrepmf.ai) or call us on **1800-569-8900**. The AGIM AMC / AGMF Trustee Limited reserve the right to send any communication in physical mode.

### **A. Special Products / Facilities offered by the AlphaGrep Mutual Fund**

**Note: AlphaGrep Mutual Fund offers following special Products / Facilities. However, all the products and facilities mentioned herein may not be available under all the schemes of the Fund. Investors are advised to refer Scheme Information Document (SID) of the respective schemes of the Fund to check whether any of these facilities are available or not.**

#### **1. Intra -Scheme Switching Option**

Unitholders under the Scheme have the option to Switch their Unit holding from one plan/option to another plan/option (i.e. Regular Plan to Direct Plan and Growth option to IDCW option and vice-a-versa, as applicable). The Switches would be done at the Applicable NAV based prices and the difference between the NAVs of the two options will be reflected in the number of Unit allotted. Switching shall be subject to the applicable Cut off time and Applicable NAV stated in the Scheme Information Document (“SID”) of the

respective schemes. In case of “Switch” transactions from one scheme to another, the allocation shall be in line with Redemption payouts. No exit load shall be applicable in case of switch transactions made between different plans and options under the same Scheme(s) of AlphaGrep Mutual Fund.

## **2. Inter-Scheme Switching Facility**

The Mutual Fund provides the investors the flexibility to switch their investments (subject to provisions as regards minimum application amount as stated in the SID of the respective schemes ) from any other scheme(s)/plans managed by Mutual Fund, as per the features of the respective scheme to this scheme. This facility will be useful to Unit holders who wish to alter the allocation of their investment among scheme(s) / plan(s) of the Mutual Fund (subject to completion of lock-in period, if any, of the units of the scheme(s) from where the units are being switched) in order to meet their changed investment needs. The Switch will be effected by way of a Redemption of Units from the Source Scheme(s) / Plan(s) as per the applicable NAV and cut off and investment of the proceeds will be made in the target Scheme(s)/Plan(s). The Switch must comply with the Redemption rules of the Source Scheme/Plan and the issue rules of the Target Scheme/ Plan (for e.g. as to the minimum number of Units that may be redeemed or issued, Exit Load etc). The price at which the Units will be Switched out of the respective Scheme/Plans will be based on the Redemption Price, and the proceeds will be invested in the Scheme / Plan at the Offer price.

## **3. Application / Transaction through Email mode**

Subject to the investor fulfilling certain terms and conditions as stipulated by the AMC from time to time, the AMC, Mutual Fund, or representative of the AMC/Mutual Fund (“**the Recipient**”) may, at its sole discretion and without being obliged in any manner to do so and without being responsible and/ or liable in any manner whatsoever, accept and process any application, supporting documents and / or instructions submitted by an Investor / Unitholder by email (“**Email Submission**”) and the Investor / Unitholder voluntarily and with full knowledge takes and assumes any and all risk associated therewith.

The Recipient shall have no obligation to check or verify the authenticity or accuracy of Email Submission purporting to have been sent by the investor and may act thereon as if same has been duly given by the investor. Investor will require to email clear instructions from his/her registered email address on records (in Folio) to the designated ID i.e. [email.transactions@alphagrepnmf.ai](mailto:email.transactions@alphagrepnmf.ai) where the trade date applicability will be basis the date and time of the receipt of such email. In all cases, the investor will have to submit the original documents/ instruction to the AMC/ Mutual Fund.

The original of the transaction instructions shall clearly bear on every page the statement “Originals for records”. Further, any failure to do so on part of the investor might result in duplication in processing of transaction and the AMC shall not be held liable as such.

All transaction requests will be deemed to be valid, where applications, transaction slips, forms, supporting documents are received at the designated email id. Documents received on emails shall only be accepted if they are in PDF or JPG format.

The AMC may not necessarily acknowledge the receipt of the email requests. The transaction request sent on the Designated email id will be time-stamped as per the date and time of the email received on the server of the AMC and it shall be considered as final and binding for determining the applicable Net Asset Value (NAV) subject to provisions of cut off timing for applicability of NAV and time stamping requirements, as amended by Securities and Exchange Board of India (SEBI) from time to time. This facility will be provided subject to provisions of cut off timing for applicability of NAV and time stamping requirements, as amended by SEBI from time to time and any other applicable laws, rules and regulations as may be enforced from time to time. For the purpose of determining the applicable NAV in accordance with SEBI (Mutual Funds)

Regulations, 2026, the system generated date and time on the transmitted email received at server / system of the AMC and / or Its RTA and availability of funds for utilization for the same shall be considered.

The investor acknowledges that it is in the inherent nature of electronic communication/services that transmissions of email may not be received or may not be properly received and may be inadvertently read or may be erroneous or made known to unauthorised persons. Investor agrees that all the risks, errors or breaches (including delayed or non-processing of transaction) shall be borne by the investor, and the Fund/AMC/Trustee/RTA shall not be responsible/liable for any claims, liability, loss, damage, cost, or expenses arising from such risks, errors, or breach of confidentiality.

The investor acknowledges that the Email Submission is not a secure means of giving instructions / transactions requests and that the investor is aware of the risks involved including those arising out of such transmission being inaccurate, imperfect, ineffective, illegible, having a lack of quality or clarity, garbled, altered, distorted, not timely etc.

The investor's request to the Recipient to act on the Email Submission is for the investor's convenience and the Recipient is not obliged or bound to act on the same. The investor accepts that the Email Submission shall not be considered until acknowledged as a valid transaction request in the Scheme in line with SEBI regulations.

The Recipient will also not be liable in the case where the transaction sent or purported to be sent is not processed on account of the fact that it was not received by the Recipient. In case there is a variation between the documents received vide email as against the original/physical documents which will be received thereafter, the AMC reserves the right to process the transaction as per the documents received vide email and the pecuniary loss if any, due to any such variation shall be entirely borne by the Investor and the AMC shall under no circumstances be liable for such losses

The investor agrees that the Recipient may adopt additional security measures including signature verification, telephone call backs or a combination of the same, which may be recorded and the investor consents to such recording and agrees to cooperate with the Recipient to enable confirmation of such transaction requests. However, the AMC shall be under no duty to prescribe or adopt any procedures for the purpose of such confirmations or verification and any such procedure prescribed or adopted by the AMC shall not impose upon the AMC any obligation to adopt or comply with the same in any or every instance.

Further, the entity availing the facility for submitting financial transactions via email shall retain records of such transactions in line with the applicable laws / regulations.

In consideration of the Recipient from time to time accepting and at its sole discretion (including but not limited to the AMC extending / discontinuing such facilities from time to time) acting on any Email Submission request received / purporting to be received from the investor, the investor agrees to indemnify and keep indemnified the AMC, Directors, employees, agents, representatives of the AMC, Mutual Fund and Trustees from and against all actions, claims, demands, liabilities, obligations, losses, damages, costs and expenses of whatever nature (whether actual or contingent) directly or indirectly suffered or incurred, sustained by or threatened against the indemnified parties whatsoever arising from or in connection with or any way relating to the indemnified parties in good faith accepting and acting on Email Submission requests including relying upon such transaction requests purporting to come from the investor even though it may not come from the Investor. The AMC reserves the right to modify the terms and conditions or to discontinue the facility at any point of time.

#### **4. Stock Exchange Infrastructure Facility**

The investors can subscribe to / switch / redeem the Units of the Scheme under “Growth” option platform of National Stock Exchange (“MFSS”, “NMFII”) and “BSEStAR MF” platform of BSE Ltd. Please contact any of the Investor Service Centres (ISCs) of the Mutual Fund to understand the detailed process of transacting through this facility.

#### **5. Transactions Through MF Utility ("MFU")**

AlphaGrep AMC has entered into an agreement with MF Utilities India Private Limited (“MFUI”) a “Category II - Registrar to an Issue” under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, for usage of MF Utility (“MFU”) - a shared services initiative of various asset management companies, which acts as a transaction aggregator for transacting in multiple schemes of various mutual funds with a single form and a single payment instrument. Accordingly, all the authorized Points of Service (“POS”) and website/mobile applications of MFUI shall be eligible to be considered as Official Point of Acceptance (“OPA”) for all financial and nonfinancial transactions in the schemes of the Fund either physically or electronically. The list of POS of MFUI is published on the website of MFUI at [www.mfuindia.com](http://www.mfuindia.com). Applicability of NAV shall be based on time stamping as evidenced by confirmation slips given by POS of MFUI and also the realization of funds in the Bank account of the Fund (and NOT the time of realization of funds in the Bank account of MFUI) within the applicable cut-off timing. The uniform cut-off time as prescribed by SEBI and mentioned in the SID/KIM shall be applicable for applications received through such facilities. Investors are requested to note that MFUI will allot a Common Account Number (“CAN”) i.e. a single reference number for all investments in the mutual fund industry for transacting in multiple schemes of various mutual funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form and necessary documents at the POS. The AMC and/or its Registrar and Transfer Agent shall provide necessary details to MFUI, as may be needed, for providing the required services to investors / distributors through MFU. Investors are requested to visit the website of AlphaGrep Mutual Fund [www.alphagrepmf.ai](http://www.alphagrepmf.ai) or MFUI [www.mfuindia.com](http://www.mfuindia.com) to download the relevant forms. For any queries or clarifications related to MFU, please contact the Customer Care of MFUI, on 022 6134 4316 (during the business hours, on all days, except Saturday, Sunday and public holidays). The Fund reserves the right to introduce, change, modify or withdraw the facility available at any point of time and to restrict the number/type of schemes being offered through this facility.

#### **6. Transaction through Channel Partners / Execution Only Platforms (EOP):**

The server(s) of CAMS shall be an OPA for electronic transactions received from the Channel Partners / EOP with whom the AMC has entered or may enter specific arrangements for all financial transactions relating to the units of Mutual Fund schemes.

#### **7. Systematic Investment Plan (SIP):**

The Unitholders of the Scheme can benefit by investing specific Rupee amounts periodically, for a continuous period. At the time of registration, the SIP allows the investors to invest a fixed equal amount of Rupees for purchasing additional Units of the Scheme at NAV based prices. Investors can enroll themselves for SIP in the Scheme by ticking appropriate box on the application form or by subsequently making a written request to that effect to the Registrar. Minimum number of instalments and amounts under various frequencies are as below:

<b>Frequency</b>	<b>Specified Date</b>	<b>Minimum amounts per instalments</b>	<b>Minimum number of instalments</b>
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Weekly	Any day (Monday to Friday)* (If no day is selected Monday will be the default day)	Rs. 500/- and in multiples of Re. 1 In case of Debt Schemes, Rs. 500/- and in multiples of Re. 1	6
Fortnightly	1st and 16th day of each month, as applicable* (1st and 16th of the month will be the default date)		
Monthly (Default Frequency)	Any date (1st to 28th of the month)* (10th will be the default day)		
Quarterly	Any date (1st to 28th of the month) * (10th will be the default date)	Rs. 500/- and in multiples of Re. 1 In case of Debt Schemes, Rs. 500/- and in multiples of Re. 1	6

\*In case the date chosen for SIP falls on a Non-Business Day, the SIP will be processed on the immediate next Business Day. Investors can subscribe through SIP by using National Automated Clearing House (NACH) facilities offered by the Banks. The cheques should be in favour of the respective Scheme **and** crossed “**Account Payee**”, and the cheques must be payable at the centre where the applications are submitted to the Customer Service Centre. In case of fresh/additional purchases, if the name of the Scheme on the application form/transaction slip differs with the name on the Cheque/Demand Draft, then the AMC will allot units under the Scheme mentioned on the application form/ transaction slip. In case of fresh/additional purchases, if the Scheme name is not mentioned on the application form/transaction slip, then the units will be allotted under the Scheme mentioned on the Cheque/Demand Draft. The Option that will be considered in such cases if not specified by the customer, the Scheme will be the default option of the Scheme as per the SID. However, in case additional purchase is under the same scheme as fresh purchase, then the AMC reserves the right to allot units in the option under which units were allotted at the time of fresh purchase. Further, Investors/ unitholders subscribing for SIP are required to submit SIP request at least 21 calendar days prior to the date of first debit date and SIP start date shall not be beyond 100 days from the date of submission of request for SIP. All terms and conditions for SIP/STP, including Exit Load, if any, prevailing in the date of SIP/STP enrolment/ registration by the fund shall be levied in the Schemes. Units will be allotted for the amount net of the bank charges, if any. A fresh Account Statement / Transaction Confirmation will be mailed to the Unitholder, indicating the new balance to his/her credit in the Account. An investor will have the right to discontinue the SIP, subject to giving 15 days prior notice to the subsequent SIP date.

#### **Terms and conditions for SIP:**

**New Investor** - If the investor fails to mention the scheme name in the SIP Mandate Form, then the Fund reserves the right to register the SIP as per the scheme name available in the main application. In case multiple schemes are mentioned in the main application form, Fund reserves the right to reject the SIP request.

**Existing Investor** - If the investor fails to mention the scheme name in the SIP Mandate Form, then the Fund reserves the right to register the SIP in the existing scheme (Eligible for SIP) available in the investor’s Folio. In case Multiple Schemes or Equity Linked Savings Scheme (“ELSS”) are available in the folio then the Fund reserves the right to reject the SIP request.

In case SIP date is not selected, then the SIP will be registered on 10th (default date) of each Month/Quarter, as applicable. Further if multiple SIP dates are opted for or if the selection is not clear, then the SIP will be registered for 10th of each Month/Quarter, as applicable. For Weekly SIP, Monday will be the default day and in case of Fortnightly SIP 1st and 16th of the month will be the default option. In case the frequency is not specified, the Default frequency will be Monthly.

If the investor has not mentioned the SIP start Month, SIP will start from the next applicable month, subject to completion of 21 calendar days lead time from the receipt of SIP request.

In case the SIP 'End period' is incorrect OR not mentioned by the investor in the SIP form, then the SIP shall be considered a perpetual SIP, until further instructions are received.

For SIP applications received during NFO Period, the SIP start date shall be at least 21 calendar days after the NFO allotment date.

The first SIP cheque/draft could be of any Business day but subsequent Auto Debit mandate should be for any date from 1st to 28th of a month and there should be a minimum gap of at least 21 calendar days between the 1st SIP transaction and the 2nd SIP installment. However, subsequent Auto Debit transaction date should have a gap of 21 calendar days or a quarter depending upon the frequency chosen. In case the criteria is not met, the SIP would start on the same date from the next month. If the SIP execution date is a non-Business Day for the scheme, then the units shall be allotted based on realisation of proceeds. In case of existing folio where One Time Mandate (“OTM”) is already registered, then the SIP first instalment date will be considered after a minimum gap of 5 days from the date of submission of request, if SIP amount is within the OTM maximum limit. Investors can also start a SIP directly without any initial investment; However, he has to submit the application for enrolment of SIP on any working day but the subsequent instalment date of SIP shall be any date from 1st to 28th of a month with a minimum gap criteria of 21 calendar days between the submission of application form and the 1st SIP. In case an investor intends to continue his SIP forever; he can opt for perpetual SIP which will not have an end date. In the event if the investors want to discontinue the SIP, a written communication will be required from the investors to discontinue the same at least 15 days before the next SIP due date. If the SIP end date is not filled, the SIP Auto Debit will be considered perpetual till further instructions are received from the investor

In cases where the SIP instalment has not been processed on account of any failure reason as received from the Bank/Aggregator, Investors will have an option to get such failed/bounced instalments re-processed by payment of instalment amount either through cheque or electronically. Units shall be allotted based on receipt of funds to the scheme account, subject to standard validations.

**The AMC will consider the 3 consecutive Debit failures for treating the SIP as closed/ cancelled in case of Weekly, Fortnightly, Monthly and Quarterly Frequency.**

In the above scenarios, first communication shall be sent to the investor(s) after 1st failed debit attempt, mentioning that the SIP would be ceased/cancelled in case of 2 or 3 consecutive rejections as detailed in the above table. Further, in such scenarios, post cancellation of SIP an intimation will be sent to the investor.

Further, in the event wherein an investor has requested for cancellation of SIP, the AMC will ensure that there is cancellation of auto-debit / SIP within 2 working days of such request placed by the investor.

### **SIP Top – up**

Investors can opt for SIP Top-Up facility with Fixed Top - up option or Variable Top -up option, wherein the amount of the SIP can be increased at fixed intervals. In case the investor opts for both options, the Variable Top -up option shall be triggered. The fixed Top -up amount shall be in multiples of Rs 500/- Variable Top-up would be available at 5%, 10%, 15% and 20% and such other denominations (over and above 10%, 15% and 20%) as opted by the investor in multiples of 5% If the investor does not choose any option then the default option for SIP Top-Up facility would be Variable Top -up option.

The frequency is fixed i.e. either at Yearly or Half Yearly basis. In case the Top-up facility is not opted by ticking the appropriate box and frequency is not selected, the Top -up facility may not be registered. In case

of Quarterly SIP, only the Yearly frequency is available under SIP Top-up. SIP Top-Up facility shall also be available only for the existing investors who have already registered for SIP facility without Top-up option.

**SIP Top-up Cap Amount:** Investor has an option to freeze the SIP Top-up amount once it reaches a fixed predefined amount. The fixed pre-defined amount should be lower than or equal to the maximum amount mentioned by the investor in the bank mandate. In case of difference between the Cap amount and the maximum amount mentioned in the Bank mandate, then the amount which is lower of the two amounts shall be considered as the default amount of SIP Cap amount.

**SIP Top-up Cap Month –Year:** It is the date from which SIP Top-up amount will cease and last SIP instalment including Top-up amount will remain constant from Cap date till the end of SIP tenure. Investor shall have flexibility to choose either Top-up Cap amount or Top-up Cap month - year. In case of multiple selection, Top-up Cap amount will be considered as a default selection. Top-up Cap is applicable for Fixed Top-up option as well as Variable Top-up option.

### **Micro Systematic Investment Plan**

Micro SIP/PAN Exempt Investments In line with SEBI letter no. OW/16541/2012 dated July 24, 2012 addressed to AMFI, Investments in the mutual fund schemes including investments through Systematic Investment Plans (SIPs) up to Rs. 50,000/- per investor per year shall be exempted from the requirement of PAN. The maximum instalment amount in case of Micro SIP shall be as follows :

1. Rs. 4,000 /-per month for Monthly frequency.
2. Rs. 12,000/- per quarter for Quarterly frequency.

Accordingly, for considering the investments made by an investor up to Rs. 50,000/-, an aggregate of all investments including SIPs made by an investor in a Financial Year i.e. from April to March, shall be considered and such investors shall be exempted from the requirement of PAN. However, requirements of Know Your Customer (KYC) shall be mandatory and investors seeking the above exemption of PAN will need to submit the PAN Exempt KYC Reference No (PEKRN) / KYC Identification NO (KIN) acknowledgement issued by KRA / (Central KYC Registry) along with the application form. This exemption is applicable only for individuals including minors acting through guardian, Sole proprietorship firms and joint holders\*. Other categories of investors e.g. PIOs, HUFs, QFIs, non - individuals, etc. are not eligible for such an exemption.

\* In case of joint holders, first holder must not possess a PAN. Investors are requested to note that, in case where a lump sum investment is made during the financial year and subsequently a fresh SIP mandate request is given where the total investment for that financial year exceeds Rs. 50,000/-, such SIP application shall be rejected. In case where a SIP mandate is submitted during the financial year and subsequently a fresh lump sum investment is being made provided where the total investment for that financial year exceeds Rs. 50,000/-, such lump sum application will be rejected. SIP Top-Up facility shall not be available in case of Micro-SIP. Redemptions if any, in the Micro Investment folio, shall not be considered for calculating the exemption limit for such financial year. Consolidation of folio shall be allowed only if the PEKRN in all folios is same along with other investor details.

### **Modify SIP Facility**

In order to provide flexibility, an investor investing through SIP shall have an option to modify the selected scheme and / or SIP instalment amount and / or SIP instalment date and / or SIP end date, in the scheme wherein the SIP investments are currently being made. The said request has to be submitted at least 15 business days prior to the next SIP instalment date (excluding the request date and the next SIP instalment

date). Modify SIP facility shall be available only to investors whose SIP is registered through One Time Bank Mandate. Modify SIP request shall be liable for rejection if the modified details do not meet the amount/tenure conditions as per the SID of the respective scheme or the registered mandate. If the investor submits request for Modify SIP details for a SIP registration where the SIP Top-Up facility is already registered, then the SIP Top-Up facility shall be cancelled immediately upon receipt of Modify SIP details request.

### **SIP Pause**

SIP Pause is a facility that allows investors to pause their existing SIP for a temporary period. Investors can pause their existing SIP without discontinuing it. SIP restarts automatically after the pause period is over. This facility can be availed only once during the tenure of the existing SIP. SIP can be paused for a minimum period of 1 month to a maximum period of 3 months. The said request has to be submitted at least 15 days prior to the next SIP instalment date (excluding the request date and the next SIP instalment date). Pause facility shall get activated from immediate next instalment from the date of receipt of SIP Pause request. For availing this facility following points are to be noted:

Investor can opt for pause facility only from 7th instalment onwards for monthly SIP & from 5th instalment onwards for Quarterly SIP.

If the pause period is coinciding with the SIP Top-Up facility, the SIP instalment amount post completion of pause period would be inclusive of SIP Top-Up amount. For e.g. SIP instalment amount prior to Pause period is Rs. 5,000/- and SIP Top-Up amount is Rs. 1,000/-. If the pause period is completed after date of SIP Top-Up, then the SIP instalment amount post completion of pause period shall be Rs. 6,000/-

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

Systematic Transfer Plan (STP) is an option wherein Unit holders of Source Schemes can opt to transfer a fixed amount at regular intervals and provide standing instructions to the AMC to switch the same into the target schemes. The source schemes refer to all open-ended schemes and the target schemes refer to all open ended schemes where subscription is allowed. The amount transferred under STP from Source scheme to the Target Scheme shall be done by redeeming Units of Source scheme at Applicable NAV, subject to exit load or other regulatory deductions, if any; and subscribing to the Units of the Scheme at Applicable NAV as on specified date as given below:

<b>Particulars</b>	<b>Frequency</b>
Weekly Option	Any Day from Monday to Friday; Monday will be the default day
Monthly* and Quarterly Options (*Default)	Any Date of every month (between 1st & 28th); 10th of the month will be the default option

In case of any discrepancy in frequency/date/day, the above default options will be considered.

In case these dates fall on a holiday or book closure period, the next Business Day will be considered for this purpose.

In case of nil balance in the Source Scheme, STP for that particular due date will not be processed. STP will cease to be active upon 3 consecutive unsuccessful transactions or if all units are pledged or upon receipt of intimation of death of Unit holder. All requests for registering or discontinuing Systematic Transfer Plans shall be subject to an advance notice of 3 business days The provision of “Minimum Redemption Amount” specified in SID(s) of the respective Source schemes and “Minimum Application Amount” applicable to the Target Scheme as specified in this document will not be applicable for Systematic Transfer Plan. In case the

balance in the scheme goes below the STP instalment amount, then the STP shall be processed for the available balance. The Fund reserves the right to include/remove any of its Schemes under the category of Source and Target Schemes available for STP from time to time by suitable display of notice on AMC's Website. The facility is available for both Source and Target Scheme.

A Unit holder holding units in non-demat form may enroll for the Systematic Transfer Plan and choose to Switch on a weekly, monthly or quarterly basis from one AlphaGrep Mutual Fund scheme to another scheme, which is available for investment at that time.

The amount thus switched shall be converted into Units on the scheduled date and such number of Units will be subtracted from the Unit balance of the Transferor Scheme. In case these dates fall on a Holiday or fall during a Book Closure period, the next Business Day will be considered for this purpose. The amount so switched shall be reinvested in the Transferee Scheme / Plan.

The amount transferred under the STP from the Transferor Scheme to the Transferee Scheme shall be effected by redeeming units of Transferor Scheme at Applicable NAV, after payment of Exit Load, if any, and subscribing to the units of the Transferee Scheme at Applicable NAV in respect of each STP investment. In case the STP date falls on a Non-Business Day or falls during a book closure period, the immediate next Business Day will be considered for the purpose of determining the applicability of NAV.

Unit holders may change the amount (but not below the specified minimum) by giving written notice to any of the Official Point(s) of Acceptance. Unit holders will have the right to discontinue the STP facility at any time. Notice of such discontinuance should be received at least 3 business days prior to the due date of the next transfer date.

On receipt of such request, the STP facility will be terminated. STP will be terminated automatically if all the Units are liquidated or withdrawn from the Transferor Scheme or pledged or upon the Fund's receipt of notification of death or incapacity of the Unit holder.

Exit Load, if any, prevailing on the date of enrolment shall be levied in the Transferee Scheme.

The AMC / Trustee reserve the right to change / modify load structure on prospective basis and other terms and conditions under the STP prospectively at a future date.

Please refer to the STP Enrolment Form for eligible schemes and other requirements in Terms and Conditions, before enrolment

## 9. Systematic Withdrawal Plan (SWP)

This facility enables an investor to withdraw sums from their Unit accounts in the Scheme at periodic intervals through a one-time request. The withdrawals can be made as follows:

Particulars	Frequency			
	Monthly	Quarterly	Half-Yearly	Yearly
<b>SWP Transaction Dates</b>	Any date of every month (between 1st & 28th)	Any date of every Quarter (between 1st & 28th)	Any date of every half-year (between 1st & 28th)	Any date of every year (between 1st & 28th)
<b>Minimum no. of installments and Minimum amount of installment</b>	2 installments of Rs. 500/- each and in multiples of Re. 1/- thereafter			

The withdrawals will commence from the start date mentioned by the investor in the SWP Application Form. The Units will be redeemed at the Applicable NAV of the respective dates on which such withdrawals are sought.

The request for enrollment / processing of SWP will only be on a Business Day at the applicable NAV. In case during the term of SWP processing date falls on a non-Business Day, then such request will be processed on the following Business Day's applicable NAV.

The request for enrollment of SWP in the prescribed form should be received at any OPA / ISC at least 5 Business Days in advance before the execution /commencement date.

In case the balance in the scheme goes below the SWP installment amount, then the SWP shall be processed for the available balance.

In case of 3 consecutive SWP installment on account of NIL balance in the scheme, the SWP in the scheme shall be discontinued.

The request for enrolment/ discontinuation of SWP shall be given in writing and should be received at any official point of acceptance / Investor Service Center at least 5 Business Days in advance before the execution / commencement date. A request for SWP will be treated as a request for Redemption from/Subscription into the respective Option(s)/Plan(s) of the Scheme(s) as opted by the Investor, at the applicable NAV

#### **10. Minor attaining major status**

The Mutual Fund/AMC will register SIP/STP/SWP/or any other systematic enrollment in the folio held by a minor only till the date of the minor attaining majority, even though the instructions may be for a period beyond that date. Such enrollments will automatically stand terminated upon the minor attaining 18 years of age.

For folios where the units are held on behalf of the minor, the account shall be frozen for operation by the guardian on the day the minor attains majority and no transactions shall be permitted till the requisite documents for changing the status of the account from 'minor' to 'major' are submitted

#### **11. Online transactions through CAMS**

Online website Computer Age Management Services Limited ("CAMS") the Registrar and Transfer Agent ("RTA") for the schemes of AlphaGrep Mutual Fund has built an online website [www.camsonline.com](http://www.camsonline.com) wherein investors / unit holders can transact in the schemes of the respective Mutual Funds by opening an account on CAMS Website/portal/mobile app ("Online Facility"). The transactions in the Schemes of AlphaGrep Mutual Fund through this Online Facility be allowed as may be facilitated by CAMS on its website. CAMS online Website/portal/mobile app/server be considered as OPA. Investors/ unitholders please note that only KYC complied investor/unitholders or KYC process to be completed before transaction submission allowed to use this online facility/portal/mobile app. For the purpose of determining the applicability of NAV, time of transaction would be the time when request for purchase/sale/switch of units is received in the servers of AMC/RTA.

#### **12. Online Transactions through website of AlphaGrep Mutual Fund**

Facility of online transactions is available on the official website i.e. [www.alphagrepmf.ai](http://www.alphagrepmf.ai) and a mobile application in future of AlphaGrep Mutual Fund. Consequent to this, the said website and mobile application are declared to be an "OPA" for applications for subscriptions, redemptions, switches and other facilities. The Uniform Cut-off time as prescribed by SEBI and as mentioned in the SID(s) of respective schemes shall be applicable for applications received on the website/mobile application. However, investors should note that transactions on the website/ mobile application shall be subject to the eligibility of the investors, any terms & conditions as stipulated by AlphaGrep Mutual Fund/ AlphaGrep Investment Management from time

to time and any law for the time being in force. The AMC reserves the right to modify the terms and conditions or to discontinue the facility at any point of time.

### **13. Voluntary Lock-in / Debit freeze facility to Mutual Fund folios:**

Voluntary Lock-in / Debit freeze facility shall be available to the investors of Schemes of AlphaGrep Mutual Fund (“the Fund”) across demat and non-demat (i.e. Statement of Account) folios. In order to restrict the access for transactions by any entity other than the investor himself/herself, the facility/option to lock the folio is made available to investors until revoked/unlocked by the investor. The details of the facility are as follows:

1) The facility will be enabled through MF Central platform for units held in non-demat mode.

#### **2) Applicability:**

The facility will be available for the following:

- Resident and non-resident Individual Investors,
- The facility to lock/unlock will be available only to first/sole holder in the folio, held in single and Anyone or survivor basis,
- The facility to lock for minor account will be exercised by guardian till minor attains age of maturity and after obtaining maturity lock/unlock will be exercised by unit holder only,
- The status of KYC in the folio shall be KYC complied (Registered / Validated),
- The folios shall have both valid Email and Mobile number registered in India (both mandatory).

#### **3) Option for locking/freezing:**

Investor will have the option to lock any/all of the following transactions in the folios selected for locking:

- Lock only debit transactions (investor initiated)
- Lock debit + non-financial transactions (investor initiated)

#### **4) Process for locking/freezing the folio(s):**

- a) Investor(s) will log-in to MF Central portal after completing all applicable log-in validation process which includes providing Permanent Account Number (PAN) and email / mobile, One Time Password (OTP) based authentication to the email/mobile.
- b) On successful validation, investors will be provided with details of all his holdings viz., Fund name, Scheme, outstanding units and value of units (basis last available NAV) held in SOA form.
- c) Investors will select the option to lock the transactions.
- d) Investor will select the Fund Name and folios that he/she chooses to lock.
- e) Once selected, OTP shall be sent to the registered mobile/email and upon successful validation of OTP, MF Central will send the requests to the respective Registrar and Transfer Agent (RTA) who would lock the folio(s) and send confirmation to investor.
- f) Lock would be marked in the select folio(s) in RTA database instantly for holdings held in SOA form.
- g) The lock will be “until revoked” by the investor.

- h) The investor understands that this facility is voluntary, and the investor is well aware of related consequences, and the investor will be solely responsible for any actions regarding transactions viz., transaction rejection, inability to place transactions etc., or communication. The investor acknowledges that the lock will be applied only for the chosen actions. The investor acknowledges that AMC/RTA is not liable for any financial impact due to inability to transact during the lock period.  
A disclaimer to the above effect will be displayed and confirmation, in the form of checkbox, will be taken from Investor before triggering OTP.

**5) Process for unlocking the folio(s):**

- a) Investor(s) will log-in to MF Central portal after completing all applicable log-in validation process which includes providing PAN and email / mobile, OTP based authentication to the email/mobile.
- b) On successful validation, investors will be provided with details of all his holdings viz., Fund name, Scheme, outstanding units and value of units (basis last available NAV) held in SOA form.
- c) Investors will select the option to unlock the transactions.
- d) Investor will select the Fund Name and folios that he/she chooses to unlock.
- e) Two levels of authorization would be mandated by sending different OTPs to the registered mobile and email and both should get validated.
- f) After successful validation, MF Central will send the request to the respective RTA who would unlock the folio(s) and send confirmation to investor.

**6) Following transactions shall be allowed only after unlocking the folio:**

<b>Financial Transactions</b>	<b>Non – Financial Transactions</b>
Redemption	Change/addition of bank mandate
Registration of Dividend Transfer Plan (DTP) Facility	Change of broker code
Registration of Systematic Withdrawal Plan (SWP)	Change of Email ID and/or Mobile Number
Registration of Systematic Transfer Plan (STP)	Nominee registration/cancellation
Switches	Change in Income Distribution cum Capital Withdrawal (IDCW) option
	Lien marking
	Change in the signature
	Consolidation of folios
	Transfer of units
	Change of Tax Status

All other transactions, other than above, and existing registered SWP, DTP and STP (registered prior to locking of folios) will continue during the lock.

- 7) **Exclusions:** All non-investor initiated transactions including updation of address as per KYC Registration Agency (KRA) feed, IDCW payout/reinvestment etc. will continue during the

lock period. Further, in case of request/orders received from Law Enforcement Authorities (LEAs) or Regulators, RTA will take action irrespective of locking of units.

- 8) Information on folios locked/unlocked will be made available to the respective Mutual Fund Distributors (MFDs)/Registered Investment Advisor (RIA)/Source (Channel Partners/Exchange/MF Utilities India Private Limited (MFU)) for them to have corresponding updates done at their end and restrict further transactions on locked folios.
- 9) **Disclosure:** MF Central will disclose the following at the time of locking the folio to enable the investor to take informed decision:
  - Requirement of Indian Registered Mobile Number,
  - Disclosure of Availability of Demat lock through depositories (CDSL/NSDL) for all folios where Demat Holding feed is available.
- 10) For any assistance or queries relating to the facility, the Investor may contact at the Toll-Free No. 1800-569-8900 or may send an email at [clientservices@alphagrepmf.ai](mailto:clientservices@alphagrepmf.ai)
- 11) In case of demat mode, MF Central will provide an option for the investor to lock holdings held in demat account by redirecting investors to online services offered by respective depositories (viz. CDSL/NSDL).

#### **B. Default scenarios available to the investors under plans/options of the Schemes.**

The Scheme(s) will have two Plans i.e. Direct Plan & Regular Plan.

Direct Plan is only for investors who purchase /subscribe Units in the Scheme directly with the Fund and is not available for investors who route their investments through a Distributor.

#### **Both the Plans offer following options**

1. Growth Option
2. Income Distribution cum Capital Withdrawal Option (IDCW):
  - a) Payout of Income Distribution cum capital withdrawal option (IDCW Payout Option)
  - b) Reinvestment of Income Distribution cum capital withdrawal option (IDCW Reinvestment Option)

#### **Default Option–Growth Option**

**Default Facility under IDCW - IDCW Reinvestment Option -** If the investor selects IDCW Option but fails to mention the facility, it will be deemed that the investor has opted for Reinvestment of Income Distribution cum capital withdrawal option (IDCW Reinvestment Option).

The AMC/Trustee reserves the right to add new plan/option in future.

The above options/plans are explained in detail below:

#### **i Growth Option**

The Mutual Fund will not declare any IDCWs under this option. The income earned under this Option will remain invested in the option and will be reflected in the NAV. This option is suitable for investors who are not looking for current income but who have invested with the intention of capital appreciation.

#### **ii. Income Distribution cum Capital Withdrawal Option [IDCW]**

Under this option, IDCWs will be declared at periodic intervals at the discretion of the Trustees, subject to availability of distributable surplus calculated in accordance with SEBI (MF) Regulations. IDCW Amounts can be distributed out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains. On payment of IDCW, the NAV of the Units under IDCW option will fall to the extent of the IDCW payout and applicable statutory levies, if any.

- Payout of Income Distribution cum Capital Withdrawal Option [IDCW Payout]

IDCWs, if declared, will be paid (subject to deduction of tax at source, if any) to those Unitholders / Beneficial Owners whose names appear in the Register of Unit holders maintained by the Mutual Fund/ statement of beneficial ownership maintained by the Depositories, as applicable, on the notified record date.

- Reinvestment of Income Distribution cum Capital Withdrawal Option [IDCW Reinvestment]

Under this facility, the IDCW due and payable to the Unit holders will be compulsorily and without any further act by the Unit holder, reinvested in the IDCW option at a price based on the prevailing ex-IDCW Net Asset Value per Unit on the record date. The amount of IDCW re-invested will be net of tax deducted at source, wherever applicable. The IDCWs so reinvested shall constitute a constructive payment of IDCWs to the Unit holders and a constructive receipt of the same amount from each Unit holder for reinvestment in Units. On reinvestment of IDCWs, the number of Units to the credit of Unit holder will increase to the extent of the IDCW reinvested divided by the Applicable NAV. There shall, however, be no Load(s) (if any) on the IDCW so reinvested. For details on taxation of IDCW, please refer the SAI.

**Notes:**

- i An investor on record for the purpose of IDCW distributions is an investor who is a Unit Holder as of the Record Date. In order to be a Unit Holder, an investor has to be allocated Units representing receipt of clear funds by the Scheme.
- ii Investors should indicate the name of the Plan and/or Option, clearly in the application form. In case of valid applications received, without indicating the Plan and/or Option etc. or where the details regarding Option are not clear or ambiguous, the default options as mentioned above, will be applied.

Investors shall note that once Units are allotted, AMC shall not entertain requests regarding change of Option, with a retrospective effect.

Direct Plan will have a lower expense ratio excluding distribution expenses, commission for distribution of Units etc. Direct Plan is only for investors who purchase /subscribe Units directly with the Fund (i.e. application not routed through Distributor). Investments under Direct Plan can be made through various modes offered by the Fund for investing directly with the Fund (except Stock Exchange Platform(s) and all other Platform(s) where investors' applications for subscription of units are routed through Distributors). Further Registered Investment Advisors (RIAs) can also purchase units of Direct Plan on behalf of their clients through NMF-II platform of National Stock Exchange of India Ltd. and/or BSE StAR MF System of BSE Ltd.

The portfolio of Direct Plan will form part of portfolio of the Scheme and there will be no separate portfolio for Direct Plan. Further, the options i.e. Growth and IDCW will have common portfolio under the Scheme.

If IDCW payable under IDCW payout option is equal to or less than Rs. 500/-, then the IDCW would be compulsorily reinvested in the respective plan/option of the Scheme.

## Default Plan

Investors subscribing under Direct Plan of the Scheme will have to indicate “Direct Plan” against the Scheme name in the application form. However, if distributor code is mentioned in application form, but “Direct Plan” is mentioned against the Scheme name, the distributor code will be ignored and the application will be processed under “Direct Plan”. Further, where application is received for Regular Plan without Distributor code or “Direct” mentioned in the ARN Column, the application will be processed under Direct Plan.

The below table summarizes the procedures which would be adopted by the AMC for applicability of Direct Plan/Regular Plan, while processing application form/transaction request under different scenarios: Sr. No.	AMFI Registration Number (ARN) Code mentioned in the Application Form / transaction request	Plan as selected in the application form / transaction request	Transaction shall be processed and Units shall be allotted under
1	Not mentioned	Not mentioned	Direct Plan
2	Not mentioned	Direct Plan	Direct Plan
3	Not mentioned	Regular Plan	Direct Plan
4	Mentioned	Direct Plan	Direct Plan
5	Direct	Not mentioned	Direct Plan
6	Direct	Regular Plan	Direct Plan
7	Mentioned	Regular Plan	Regular Plan
8	Mentioned	Not mentioned	Regular Plan

In cases of wrong/ invalid/ incomplete ARN codes mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall endeavor to contact the investor/distributor and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load. Investors shall note that once Units are allotted, AMC shall not entertain requests regarding change of Option, with a retrospective effect.

### Treatment of Transactions received with invalid ARNs in view of AMFI Best Practices Guidelines Circular No.111 /2023-24 dated Feb 02, 2024:

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

Transaction Type	Primary ARN			Sub distributor ARN		EUIN	Execution only mentioned	Regular Plan / Direct Plan
	Valid	Invalid	Empaneled	Valid	Invalid			
	Y		Y				Y	Regular

Lumpsum registration /	Y		N	Not Applicable				Direct
	Y		Y	NA	NA	NA	N	Regular
	Y		Y	Y		Y		Regular
		Y						Direct
	Y		Y	Y			Y	Regular
	Y		Y		Y			Direct
Trigger	Y			Not Applicable				Regular
		Y		Not Applicable				Direct

Note:

1) \*If the EUIN is invalid/missing, the transactions shall be processed in Regular Plan, and the distributor/investor shall be given 30 day period from the date of the transaction for remediation of the EUIN. In such cases, the investor to be advised to either provide a different EUIN linked to the ARN who would be engaged in servicing the investor OR switch to Direct Plan. The commission shall not be paid to the ARN holder if the Switch transaction does not happen, or fresh EUIN is not provided within 30 days. The commission may be paid if the fresh EUIN is provided by client within 30 days.

2) For SIP & STP facilities, the ARN validity shall be verified / validated at the time of registration. For instances where the registration details not available in RTA records the transaction shall be treated as lumpsum purchase for validations. Distributors must reconcile the active / inactive SIPs with RTA's at regular intervals.

3) SIPs registered under ARN of deceased to continue till end of SIP registration period or investor's request as per AMFI guidelines; No fresh transactions or SIPs to be booked under the ARN of deceased MFD post cancellation of ARN at AMFI.

4) Only Sub-distributor's ARN with valid "ARN-" values in the transaction will be considered for validation of Sub- distributor ARN for all types of transactions (lumpsum/SIP/STP).

5) If the ARN is invalid as on date of SIP / STP registration, such registration and future transactions thereunder will be processed under Direct Plan.

6) Transactions other than the physical mode which are found to be not in order basis above matrix, will be rejected at the time of upload / submission for following reasons: To give opportunity for the intermediary / platform to rectify details before submitting transactions or to report transactions under Direct Plan. If these transactions are accepted and processed under Direct Plan, the intermediary placing the transaction will not be receiving reverse feeds and hence will not be able to reconcile. Since the validation cannot be carried out at the time of acceptance or transactions received in physical form, the same will be done at the time of processing the transaction, and if found to be invalid, the transaction will be processed under Direct Plan .

7) Transactions received from the stock exchange platforms in Demat mode with invalid ARN shall be rejected instead of processing in Direct Plan for following reasons

a) Settlement of units will fail at clearing corporation due to mismatch of ISIN.

b) If the RTA processes the transaction in the Direct Plan, the AMC will face issues with corporate action wherein the clearing corporation will not be able to reconcile and credit the units.

c) The distributor/broker will not be able to download the reverse feed/mail back report for the transactions reported by the respective distributor in case if we process under Direct Plan.

### **Availability of Forms**

“Application forms and all transaction request forms (including purchase, redemption, SIP registration, bank change, nomination and other service requests) are available on the AMC website viz. [www.alphagrepmf.ai](http://www.alphagrepmf.ai) and at the Investor Service Centres.” Application Forms can also be collected and submitted at any Official Points of Acceptance (OPA) of the Mutual Fund i.e. the designated Investor Service Centres of the AMC and CAMS.

During the New Fund Offer (“NFO”) of a scheme, the existing/ new unitholders need to use the scheme’s NFO application form for purchase and for switch transaction from one scheme to another, unitholders may use the transaction slip printed at the bottom of their account statement or use the Transaction Form or any form as advised by AMC from time to time.

Investors may obtain latest addresses of OPA of Transactions from the relevant SID or by calling the AMC/Registrar. This information is also available on the website of the AMC.

Investors should mandatorily use the prescribed forms.

### **Requirements/Procedure for Transacting with the Mutual Fund**

Investors can purchase units of the schemes by completing an application form and delivering it at any of the Investor Service Centres designated by the AMC on or before the closure of the New Fund Offer Period / once the scheme is available for continuous subscription, during business hours at any of the Official Point of Acceptance of Transactions (OPAT) designated by the AMC.

Investors can also perform digital transactions to purchase units of the schemes on the website of the Mutual Fund [www.alphagrepmf.ai](http://www.alphagrepmf.ai) or through any other electronic mode introduced from time to time.

Existing investor(s) should ensure that there is no clubbing of transaction requests for financial and non-financial instructions (update any profile information like contact details, nomination etc) and separate request in standard forms be submitted for updation of all non-financial instructions. In case, any such request is received, then AMC reserves the right to ignore the non-financial information without any intimation and execute the financial transaction request subject to all applicable validations.

The official point of acceptance of transaction will stamp, and return the acknowledgement slip in the application form, to acknowledge receipt of the application, subject to verification. No other form of acknowledgement will be provided.

Investors should retain the acknowledgement evidencing submission of the transaction till they receive a confirmation of acceptance or rejection of transaction. In case of difference of details in acknowledgement vis-à-vis actual transaction document, the details as mentioned on transaction document will prevail.

Irrespective of the mode of submission, all application(s) should contain the primary account holder’s own e-mail ID and mobile number for speed and ease of communication in a convenient and cost-effective manner and to help prevent fraudulent transactions. In case contact details of a family member are provided, investor(s) need to give a declaration to this effect. “Family” for this purpose would mean Spouse, Dependent Children, Dependent Parents, Dependant Siblings and Guardian in case of a minor. Option to indicate if the contact information belongs to PMS, Custodian and Power of Attorney has also been provided. Where the email id, mobile number are not provided or where provided but the same is found to be invalid or seems to be not pertaining to the investor or any of the immediate family member or is of an advisor or any other agency, then AMC/ RTA reserves the right to remove the email id, mobile number without any notice.

Alternatively, the AMC reserves the right to update email id, mobile number from KYC records of SEBI designated KYC Registration Authority (KRA).

Account statements, newsletter, annual reports and other communication(s), including statutory communication(s), will be sent through email/ SMS only instead of physical, for investors who provide their email address/mobile. Should such investor(s), wish to have a physical copy, they are requested to send a request to the AMC/RTA. It is deemed that the applicants are aware of all the security risks associated with online communication, including possible third-party interception of documents sent via email.

### **Investor Authentication**

In case of subscription and redemption of units, Two-Factor Authentication (for online transactions) and signature method (for offline transactions) shall be used for authentication. One of the factors for such Two-Factor Authentication for non-demat transaction shall be a One-Time Password (OTP) sent to the unit holder at his/her email/ phone number registered with the AMC/RTA. In case of demat transaction, process of Two-Factor authentication as laid down by the Depositories shall be followed. In case of mandates/systematic transactions the requirement of Two-Factor Authentication shall be applicable only at the time of registration of mandate/systematic transactions.

Signature(s) in physical application form(s) should be in English or in any of the Indian languages specified in the Eighth Schedule of the Constitution of India. In case of Thumb impressions and signatures in languages not specified in the Eighth Schedule of the Constitution of India should be attested by a magistrate or a Notary Public or a special Executive Magistrate under his/her official seal. Applications by minors should be signed by their guardian(s). In the case of an HUF, the Karta should sign on behalf of the HUF. In the case of company or other non-individual entities, the Authorized officials should sign the form under their official designation and affix the seal of the entity. The signatures should match with the authorised signatory list (ASL).

In case of change in authorised officials, entities should promptly get the information updated in our records by submitting new Board Resolution, ASL and any other required documents at any OPAs.

Additionally, the AMC may accept transactions executed electronically with a valid DSC or through Aadhar based e – signatures of the authorised officials of non-individual investors.

The AMC reserves the right to put the transaction requests on hold/reject the transaction request/reverse allotted units, as the case may be, as and when identified by the AMC, which are not in compliance with the terms and conditions notified in this regard or where any investor is suspended / debarred by any statutory or government authority. Further, the Trustees may reject any application for purchase of Units, if in its opinion, increasing the size of the Unit Capital is not in the general interest of the Unit Holders, or if for any other reason it does not believe it would be in the best interest of the scheme or its Unit Holders to accept such an application. Refund(s), if any will be made within 5 business days from the date of rejection / identification of remitter information of the credits received by the Fund, whichever is later.

By choosing to invest in the Mutual Fund, it is construed that investor is providing explicit consent to AMC, RTA and other entities engaged by AMC to process investor data in their roles as per existing & prospective processes determined by Mutual Fund/AMC from time to time. The AMC and its Registrar reserve the right to disclose the details of the investors and their transactions to third parties viz. banks, couriers, stock brokers or registered investment advisors or any other parties through whom the application has been sourced or facilitated, printers and any other organization for the purpose of transaction confirmations and/or execution, redemption payouts, data validations, compliance with legal and regulatory requirements, or for complying

with anti-money laundering requirements. All investments and interactions with AMC/ its Registrar will be done with full knowledge of the above necessity and consent for such sharing.

### **Foreign Account Tax Compliance Act (FATCA) & Common Reporting Standard (CRS)**

#### **FATCA:**

The Government of India and US Government have signed an Inter-Governmental Agreement (IGA) on July 9, 2015, to implement FATCA. Pursuant to the reporting requirements mandated under FATCA, the AMC would be required, from time to time:

1. To undertake necessary due diligence process by collecting information/documentary evidence about US/Non-US status of the investors/unit holders and identify US reportable accounts; and
2. To disclose/report information about the holdings, investments returns pertaining to US reportable accounts to the specified US agencies and/or such Indian authorities as may be specified under FATCA guidelines or under any other guidelines issued by Indian Regulatory Authorities such as SEBI, Income Tax etc. (collectively referred to as ‘the Guidelines’).

FATCA due diligence will be applicable at each investor/unit holder (including joint holders) level and on being identified as reportable person/specified US person, all folios/accounts will be reported including their identity, direct or indirect beneficiaries, beneficial owners and controlling persons. Further, in case of folio(s)/account(s) with joint holder(s), the entire account value of the investment portfolio will be attributable under each such reportable person. Investor(s)/Unitholder(s) will, therefore, be required to comply with the request of the AMC/the Mutual Fund to furnish such information, in a timely manner as may be required by the AMC/the Mutual Fund to comply with the due diligence/reporting requirements stated under IGA and/or the Guidelines issued from time to time.

With respect to individuals, the US reportable accounts would cover those with US citizenship or US residency. With respect to entities, FATCA requires reporting in relation to specified US persons (E.g. US partnerships, private corporations) as well as passive Non-financial foreign entities (NFFEs) in which controlling interest is held by specified US person.

The identification of US person will be based on one or more of the following “US indicia” –

- Identification of account holder as a US citizen or resident;
- Unambiguous indication of a US place of birth;
- Current US mailing or residence address (including a US post office box)
- Current US telephone number;
- Standing instructions to transfer funds to an account maintained in USA;
- Current effective power of attorney or signing authority granted to a person with a US address; or
- An “in-care of” or “hold mail” address that is the sole address that the Indian Financial Institution has on the file for the account holder.

#### **CRS:**

On similar lines as FATCA, the Organization of Economic Development (OECD), along with the G20 countries, of which India is a member, has released a “Standard for Automatic Exchange of Financial Account Information in Tax Matters”, requiring cooperation amongst tax authorities. The G20 and OECD

countries have together developed a Common Reporting Standard (CRS) on Automatic Exchange of Information (AEOI).

The CRS on AEOI was presented to G20 Leaders in Brisbane on 16th November 2014. On June 3, 2015, India has joined the Multilateral Competent Authority Agreement (MCAA) on AEOI. The CRS on AEOI requires the financial institutions of the “source” jurisdiction to collect and report information to their tax authorities about account holders “resident” in other countries, such information having to be transmitted “automatically” annually. The information to be exchanged relates not only to individuals, but also to shell companies and trusts having beneficial ownership or interest on the “resident” countries.

Appropriate rules have been notified to implement CRS and FATCA. In view of India’s commitment to implement the CRS on AEOI and also the IGA with USA, and with a view to provide information to other countries, necessary legislative changes have been made through Finance (No. 2) Act, 2014, by amending section 285BA of the Income Tax Act, 1961. Income tax Rules, 1962 were amended vide notification No. 62 of 2015 dated 7th August, 2015 by inserting Rules 114F to 114H and Form 61B to provide a legal basis for the Reporting Financial Institutions (RFIs) for maintaining and reporting information about the Reportable Accounts.

FATCA/ CRS provisions are relevant not only at on-boarding stage of investor(s)/Unitholder(s) but also throughout the life cycle of investment with the AMC. In view of this, Investors should immediately intimate to the AMC, in case of any change in their status with respect to FATCA/ CRS related declaration provided by them previously.

The AMC / Trustee reserves the right to reject any application or redeem the units held directly or beneficially in case the applicant/investor(s) fails to furnish the relevant information and/or documentation in accordance with the FATCA/ CRS provisions, notified.

Investors(s)/Unitholder(s) should consult their own tax advisors to understand the implications of FATCA/ CRS provisions/requirements.

The Units can be repurchased/redeemed (i.e., sold back to the Mutual Fund) or switched-out on every business day, at the Applicable NAV subject to payment of exit load, if any and lock-in period, if any. In case of redemption of units, the AMC shall use two-factor authentication (for online transactions) and signature method (for offline transactions), for the purpose of authentication. For demat units, the process of authentication as specified by the depository shall be followed.

The transfer of redemption proceeds must be made by the AMC to the unitholders within 3 (three working days from the date of redemption. In case of a delay in transferring the redemption proceeds within 3 (three) working days or transfer of dividend within 7 (seven) working days, an interest at the rate of 15% per annum along with the proceeds of redemption/ dividend shall be payable to unitholders by the AMC. The list of exceptional situations and additional timelines for making redemption payment as specified by AMFI, shall be adhered to by the AMC.

The Units so repurchased shall not be reissued. Redemption requests can be made in amounts/Units. The Redemption / Switch-out request can be made by way of a written request on a pre-printed form or by using the relevant tear off section of the Transaction Slip, which should be submitted at / may be sent by mail to any of the ISCs.

In case the Units are held in the names of more than one Unit holder, where mode of holding is specified as “Joint”, redemption requests will have to be signed by all the joint holders. However, in cases of holding specified as ‘Anyone or Survivor’, any of the Unit holders will have the power to make Redemption request,

without it being necessary for all the Unit holders to sign. However, in all cases, the Redemption proceeds will be paid only to the first named holder.

In case an investor has purchased Units of a scheme of AlphaGrep Mutual Fund on more than one Business Day (either during the New Fund Offer Period, or on an ongoing basis), the Units purchased prior in time will be redeemed/switched-out first. Thus, in case of valid application for redemption/switch-out is made by the investor, those Units of the scheme which have been held for the longest period of time will be redeemed/switched-out first i.e. on a First-in-First-Out basis.

The Redemption would be permitted to the extent of clear credit balance in the Unit holder's account. The Redemption request can be made by specifying the rupee amount or by specifying the number of Units to be redeemed. If a Redemption request is for both, a specified rupee amount and a specified number of Units, the specified number of Units will be considered the definitive request. If only the Redemption amount is specified by the Unit holder, the AMC will divide the Redemption amount so specified by the Redemption Price to arrive at the number of Units. The request for Redemption of Units could also be in fractions, upto three decimal places. However, in case of units held in electronic (demat) mode, the redemption request can be given only in number of Units. Also Switch transactions are currently not available in case of units held in electronic (demat) mode. The minimum amount of Redemption may be changed in future by the AMC. If the balance in the account of the Unit holder does not cover the amount of Redemption request, then the Mutual Fund is authorised to close the account of the Unit holder and send the entire such (lesser) balance to the Unit holder.

### **Redemption Price**

Redemption Price will be calculated on the basis of the applicable NAV and exit load. The Redemption Price per Unit will be calculated using the following formula:

Redemption Price = Applicable NAV \* (1 - Exit Load, if any)

### **Example of Calculation of Redemption Price:**

If the Applicable NAV is Rs. 10.00; Exit / Redemption Load is 2 percent, then the Redemption Price will be calculated as follows:

$$= \text{Rs. } 10.00 * (1-0.02)$$

$$= \text{Rs. } 10.00 * (0.98)$$

$$= \text{Rs. } 9.80$$

### **Payment of Redemption Proceeds**

- (a) For Investors having a bank account with a bank with whom the AMC would have an arrangement from time to time.

Unit holders having a bank account with certain banks with whom the Mutual Fund would have an arrangement from time to time may avail the facility of Direct Credit to their account for Redemption of the Units of the Scheme. In such cases the Mutual Fund will under normal circumstances endeavor to credit the first/sole Unit holders account with the Redemption proceeds within one Business Day of the acceptance of Redemption request.

- (b) For other Investors not covered by (a) above:

Redemption proceeds will be paid by cheque and payments will be made in favour of the Unitholders registered name and bank account number.

Please note that it is mandatory for the investors to provide their complete Bank account details.

AMC will endeavor to credit the redemptions payouts directly to the designated Bank A/c of the unitholders of AlphaGrep Mutual Fund schemes through any of the available electronic mode (i.e. RTGS / NEFT / Direct Credit). AMC reserves the right to use any of the above mode of payment as deemed appropriate for all folios where the required information is available.

Redemption cheques, if any, will be sent to the Unitholders addresses (or, if there is more than one holder on record, the address of the first-named holder). All Redemption payments will be made in favour of the registered holder of the Units or, if there is more than one registered holder, to the first registered holder).

### **Redemptions by NRIs/ FPIs**

Credit balances in the account of an NRI / FPI, may be redeemed by such Unit holder in accordance with the procedure described above and subject to any procedures laid down by the RBI, if any.

Payment to NRI / FPI Unit holders will be subject to the relevant laws / guidelines of the RBI as are applicable from time to time (subject to deduction of tax at source as applicable).

#### **In the case of NRIs:**

- (i) Credited only to NRSR account of the NRI investor where the payment for purchase of Units redeemed was made out of funds held in NRSR account or
- (ii) Credited, at the NRI investor's option, to his / her NRO or NRSR account, where the payment for the purchase of the Units redeemed was made out of funds held in NRO account or
- (iii) Remitted abroad or at the NRI investor's option, credited to his / its NRE / FCNR / NRO / NRSR account, where the Units were purchased on repatriation basis and the payment for the purchase of Units redeemed was made by inward remittance through normal banking channels or out of funds held in NRE / FCNR account.

#### **In the case of FPIs**

Credit the net amount of redemption proceeds of such Units to the foreign currency account or Non-Resident Rupee Account of the FPI investor.

The AMC also has the right, at its sole discretion, to close a Unitholder's account by redemption of units in the account of unitholder, if the unitholder does not submit the requisite proof/documents/information required by the AMC or where the units are held by a unitholder in breach of any Regulation.

**The AMC / Trustee reserves the right to introduce, modify or discontinue any application-related facility, mode of transaction, documentation requirement or procedural process in accordance with applicable regulatory provisions and with due notice to investors through addenda, website disclosure or such other communication mechanism as may be considered appropriate.**

## **T. REQUIRED PERSONAL INFORMATION OF INVESTORS IN ACCORDANCE WITH THE PRIVACY POLICY**

### **Privacy Policy**

AlphaGrep Investment Management, in the course of its business and interactions with investors and vendors (hereinafter '**Provider of Information/Provider**'), may acquire personal information, including confidential details.

We are firmly dedicated to safeguarding the privacy of the Provider of Information. This Privacy Policy (as amended from time to time) outlines how we handle and manage personal information that we may collect and retain through various means, including but not limited to the use of physical (offline) and online/electronic services.

Personal information collected by us through physical (offline) and online/electronic means may be converted and stored electronically at our discretion for the purposes specified herein. This Privacy Policy should be read in conjunction with, and is subject to, the terms and conditions / disclaimer provided on our Website.

However, this Privacy Policy does not cover the Provider of Information if they access any other third-party links from the Website.

By visiting our website and using the services provided by us (either through the Website, via our various Internet applications, or through physical means), including but not limited to subscribing and sending inquiries, Provider expressly agree to this Privacy Policy. Furthermore, by accessing the Website and/or utilizing the services provided by us (both through online/electronic or physical (offline) means), the Provider is deemed to have expressly given their consent for the processing, retention, and utilization of Personal Information in accordance with this Privacy Policy and its terms.

### **Personal Information**

The Personal Information collected from the Provider may include confidential details, defined as any information relating to an individual which, either directly or indirectly, in combination with other available information, can identify the provider of the information (“**Personal Information**”). The types of Personal Information collected from the Provider and covered under this Privacy Policy include but not limited to: Full name, Address, Telephone / mobile number(s), E-mail address, Password (if the investor signs up for online facilities), Financial information (pertaining to investments, applications, transactions, and any related purposes through which services are provided to the investors) etc.

Any other information as defined under Rule 3 of the Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011, as may be required by us from time to time to provide services to the provider of information

Please note that any information available in the public domain is exempt from the above definition.

The Provider of Information has the right to amend their retained Personal Information. However, we are not responsible for the accuracy of the information provided by the Provider.

### **Collection of Personal Information**

Personal Information is collected from various sources where the Provider of Information has given it. This may include Personal Information as part of the application or enrolment process, which can be either online or through a physical form. Additionally, Personal Information may be obtained from third parties, call recordings at our call centres, and internet technology including our Website.

Personal Information can also be collected from vendors, and other service providers for maintaining records and processing payments.

The Provider of Information agrees that the Personal Information collected by us will be processed, stored, and used by us, and may also be transmitted to and processed by our affiliates and other data processors, agents, or service providers acting under a contract with us for the purposes identified here.

### **Legal Basis**

We are authorised to process your Personal Information in accordance with Data Protection Legislation by relying on one or more lawful grounds. These include:

- Your explicit consent for processing such information for a specific purpose;
- The necessity of processing to perform our agreement with you or to take steps to enter into an agreement with you;
- The necessity of processing to comply with a legal obligation incumbent upon us;
- Providing services to you;
- Preventing, detecting, investigating, and prosecuting fraud, money laundering, and other crimes, and verifying your identity to protect our business and comply with applicable laws, or where such processing is a contractual requirement of the services or financing you have requested;
- Evaluating, developing, or improving our services;
- Keeping our customers informed about their investments, unless you have indicated at any time that you do not wish us to do so.

### **Purpose**

We and / or our affiliates, including the Registrar and Transfer Agent (RTA), may use your information for the purposes mentioned above and/or based on the following legal grounds:

- To provide and manage your portfolio(s) and our relationship with you;
- To issue statements regarding your portfolio(s) and our relationship with you;
- To address your inquiries and complaints;
- To assist you in managing your account, comply with regulatory obligations and requirements, and keep you informed about the products and services you hold with us;
- To evaluate any application you submit, including conducting anti-fraud checks, suspicious transaction checks, and other regulatory checks;
- To share your information with our partners, affiliates and service providers.

### **Your Rights**

Under certain circumstances, you have the right to:

- Be informed about the processing of your Personal Information (purpose, recipients, storage period, etc.).
- Object to the processing of your Personal Information for a particular purpose.
- Withdraw any consent previously given for the use of your Personal Information (full or any part thereof) at any time.
- Request us to stop or start sending you marketing messages at any time.
- Request correction of the Personal Information we hold about you, ensuring any incomplete or inaccurate information is corrected. It is important that the Personal Information we hold about you is accurate and current. Please inform us if your Personal Information changes during your working relationship with us.

- Request the erasure of your Personal Information, allowing you to ask us to delete or remove Personal Information where you believe we do not have the right to process it.

If you wish to contact us regarding any of the rights mentioned here, please Email to [iro@alphagrepmf.ai](mailto:iro@alphagrepmf.ai). To protect your privacy and for security reasons, we may take reasonable steps to verify your identity before providing the requested information.

### **Use of personal information**

The Provider expressly agrees and understand that:

AlphaGrep Investment Management may use the Personal Information of the Provider for the purposes of delivering the subscribed services and related activities such as processing instructions, responding to service requests, and resolving grievances. This information may also be used to contact the Provider when necessary and to seek feedback regarding the services offered.

Contact information (such as e-mail addresses and phone numbers) may be used to send periodic updates on services, upcoming events, or announcements.

Personal Information may be utilized to generate statistics and reports for internal use, as well as for sharing with affiliates, intermediaries, successors, vendors, service providers, and advertisers. Such statistics and reports will not contain Personal Information that could personally identify the Provider.

### **Disclosure of Personal Information**

AlphaGrep Investment Management may disclose the Provider's Personal Information in order to:

- Comply with legal and/or statutory requirements or adhere to legal processes;
- Protect and defend the rights, interests, or property of AlphaGrep Investment Management or its Affiliates;
- Enforce our legal rights, terms and conditions, or provisions of the offer documents of schemes of the Mutual Fund/Portfolio Management Services/any other products or services.

### **Sharing of Personal Information with third parties**

We may share the Provider's Personal Information with third parties as required or allowed by law, including but not limited to:

- Registrar and transfer agents, call centres, fund accountant, banks, custodians, depositories, and authorized external third parties involved in transaction processing;
- Organizations verifying investor identity for anti-money laundering compliance;
- Regulatory Bodies like Reserve Bank of India and the Securities and Exchange Board of India;
- Post office, local and international couriers, and other intermediaries for correspondence and payments.
- Government agencies and bodies

We will strive to ensure third parties take appropriate steps to maintain data protection. Personal Information will be shared only for purposes consistent with its original collection or as permitted by law, and may also be shared with third-party data enrichment agencies for requested services.

## **Retention of Personal Information**

We will retain your Personal Information in accordance with Applicable Laws, for as long as it is necessary to provide services to you and for purposes such as fraud detection, prevention, and enhancing safety. You have the option to opt out of the retention of your Personal Information by informing us accordingly. However, please note that any Personal Information required to be retained under any Applicable Law shall continue to be retained by us.

Applicable Law(s) refers to any statute, law, ordinance, regulation, rule, circular, order, bye-law, equity, administrative interpretations, writ, injunction, directive, judgment or decree, or other instrument with the force of law, including guidelines, directions, instructions, and specific clarifications issued by the Securities and Exchange Board of India, Association of Mutual Funds in India, or other government authority from time to time.

## **Breach of internet security**

In addition to the efforts of AlphaGrep Investment Management to protect Personal Information, it is important that you cooperate with AlphaGrep Investment Management to ensure the security of their Personal Information. Provider, particularly investors, are advised to select strong passwords to prevent unauthorized access by third parties and to avoid disclosing these passwords or keeping written records of them.

Despite our best efforts, if unauthorized individuals breach our security measures, resulting in the website being hacked or presenting inaccurate information, AlphaGrep Mutual Fund, AlphaGrep Investment Management, AlphaGrep Trustee, directors, officers, employees, or affiliates will not be held responsible.

## **Incidental Information**

### **Cookie Policy:**

When visiting our Website, cookies are used. These small pieces of information help maintain your connection to the Website. The Website may use cookies to detect your device type to present content optimally, for language switching, and other purposes. These cookies do not collect or store any Personal Information, and visitors, including the Providers of Information, can refuse the use of cookies.

### **Website Analytics:**

The Website [www.alphagrepmf.ai](http://www.alphagrepmf.ai) and a web analytics service (which may be utilized by us) use cookies to analyze user interactions with the Website. Information generated by the cookie about Website usage (including IP addresses) will be transmitted and stored as part of standard service operations. Additionally, information may be provided to the owners or operators of third-party websites that link to our Website, detailing the number of users linking from such sites. The shared information will be non-personally identifiable. All incidental information will be used solely to assist in delivering an effective service on the Website. We have implemented security practices and procedures appropriate to the sensitivity of Personal Information. These practices adhere to generally accepted commercial business standards, including technical, operational, and physical security measures to protect Personal Information from unauthorized access and disclosures.

Information Provider, including investors, agree that trusted third parties acting on our behalf for functions such as processing transactions and issuing account statements are contractually obligated to ensure reasonable security safeguards appropriate to the sensitivity of the Personal Information they handle.

AlphaGrep Investment Management aims to protect and secure the information provided by the Information Provider and uses 128-bit encryption, where applicable, for transmitting information, which is currently the permitted level of encryption in India.

## **VII. RIGHTS OF UNITHOLDERS OF THE INVESTMENT STRATEGY**

1. Unitholders of the scheme have a proportionate right in the beneficial ownership of the assets of the scheme.
2. When the Mutual Fund declares an Income Distribution cum Capital Withdrawal (IDCW)/dividend under a scheme, IDCW/ dividend warrants shall be dispatched to the Unit Holders within 7 working days from the record date of IDCW/dividend. Consolidated Account Statement ('CAS') at mutual fund industry level for each calendar month will be issued on or before 15th day of succeeding month to all unit holders having financial transactions and who have provided valid Permanent Account Number (PAN). For folios not included in the CAS, the AMC shall issue a monthly account statement to the unit holders, pursuant to any financial transaction done in such folios; the monthly statement shall be sent on or before 15th day of succeeding month. In case of a specific request received from the unit holders, the AMC shall provide the account statement to the unit holder within 5 business days from the receipt of such request. If a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 5 Business Days of the receipt of request for the certificate.
3. The Mutual Fund shall dispatch redemption or repurchase proceeds within 3 working days of accepting the valid redemption or repurchase request. For schemes investing at least 80% of total assets in such permissible overseas investments, 5 working days of accepting the valid redemption or repurchase request. Further, in case of exceptional scenarios as prescribed by AMFI vide its communication no. AMFI/ 35P/ MEM-COR/ 74 / 2022-23 dated January 16, 2023, read with paragraph 15.3.3 of the Master Circular, the AMC may not be able to adhere with the timelines prescribed above.
4. The Trustee Company is bound to make such disclosures to the Unitholders as are essential in order to keep the unitholders informed about any information known to the Trustee Company which may have a material adverse bearing on their investments.
5. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Company Board or by 75% of the Unitholders of the scheme.
6. 75% of the Unitholders of a scheme can pass a resolution to wind- up a scheme.
7. The Trustee Company shall obtain the consent of the Unitholders:
  - whenever required to do so by SEBI, in the interest of the Unitholders.
  - whenever required to do so if a requisition is made by three- fourths of the Unitholders of the scheme.
  - when the majority of the Trustee Company decide to wind up a scheme in terms of Regulation 36(2)(a) of the Regulations or prematurely redeem the units of a close ended scheme.
8. The Trustee Company shall ensure that no change in the fundamental attributes of any scheme, the fees and expenses payable or any other change which would modify the scheme and affect the interest of the Unitholders is carried out by the asset management company, unless it complies with Regulation 22(9)(c) of the Regulations.
9. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

## UNCLAIMED REDEMPTION

### UNCLAIMED REDEMPTION / IDCW AMOUNT

The unclaimed redemption amount and IDCW amounts may be deployed by the Mutual Fund in call money market or money market instruments or a separate plan of only Overnight scheme/Liquid scheme / Money Market Mutual Fund scheme floated by mutual funds specifically for deployment of the unclaimed amounts. Provided that such schemes where the unclaimed redemption and dividend amounts are deployed shall be only those Overnight scheme/ Liquid scheme / Money Market Mutual Fund schemes which are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix as per of the Master Circular. No exit load shall be charged on these plans and Total Expense Ratio (TER) of such plan shall be capped as per the TER of direct plan of such scheme or at 50bps whichever is lower. Further, for the unclaimed redemption and dividend amounts deployed by the Mutual Fund in call money market or money market instruments, the investment management and advisory fee charged by the AMC for managing the unclaimed amounts, shall not exceed 50 basis points.

The 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 detailed process pertaining to claiming the unclaimed amount and the necessary forms / documents required for the same will be available on website of the Fund [www.alphagrepmf.ai](http://www.alphagrepmf.ai) and on [www.amfindia.com](http://www.amfindia.com)

As per paragraph 15.6 of the Master Circular a service platform for investors to trace inactive and unclaimed Mutual Fund folios- MITRA (Mutual Fund Investment Tracing and Retrieval Assistant) platform is developed and hosted by the QRTAs (CAMS and KFinTech), it is available through a link on our website and also on the website(s) of MF Central, AMFI, the two QRTAs and SEBI.

MITRA platform will facilitate the investors with a searchable database of inactive and unclaimed Mutual Fund folios at an industry-level which will empower the investors on following manner:

- Enable investors/ legal claimants to identify the overlooked investments or any investments made by any other person for which he/she may be rightful legal claimant.
- Encourage investors to do KYC as per the current norms thus reducing the number of non-KYC compliant folios.
- Contribute towards building a transparent financial ecosystem and will be reliable medium for investors to find their inactive and unclaimed Mutual Fund investments.
- Build and incorporate mitigants against fraud risk

An inactive folio shall be defined as “Mutual Fund Folio(s) where no investor-initiated transaction/s (financial and nonfinancial) have taken place in the last 10 years, but unit balance is available”. This portal would display only Fund Names and investor must approach us for more information.

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.

Investors have to submit request to redeem unclaimed units. Investors can either submit 'Financial Transaction Form' OR simple request letter for claiming of unclaimed units at any of our OPAs. The form needs to be duly signed as per the mode of holding.

To process the claim, valid bank account details are required. Investors are requested to get the bank account updated in their folio prior submitting the claim request.

## **VIII. INVESTMENT VALUATION NORMS**

Kindly refer the Valuation Policy on the website of the company at [www.alphagrepmf.ai](http://www.alphagrepmf.ai) and annexed as Annexure A

## **IX. POLLING PROCESS FOR MONEY MARKET AND DEBT SECURITIES**

Pursuant to Para 10.2.3(b)(ii) of the Master Circular, regarding valuation of money market and debt securities, AMFI had issued guidelines on polling process for money market and debt securities by Valuation Agencies and on the responsibilities of Mutual Funds in the polling process.

As per Para 910.2.3(b)(ii) of the Master Circular, AMCs are required to have a written policy on governance of the polling process, approved by the Boards of AMC and Trustees.

### **Polling Process**

Designated mutual funds and personnel are required to participate in the polling process

- Polling agencies are expected to identify the Mutual Funds which are required to participate in the polling process on a particular day, considering factors such as diversification of poll submitters and portfolio holding of the Mutual Funds.
- Mutual Funds which are identified by the Valuation Agencies are necessarily required to participate in the polling process.
- In case the Mutual Fund does not participate in the polling process, detailed reasons for the lack of participation are required to be recorded and made available during SEBI inspections.
- All fixed income Fund Managers and Dealers are authorized to participate in the polling process. Further, on recommendation of the Valuation Committee, other individuals can be nominated to participate in the polling process.

### **Polling request submission platforms and methodology**

- Polling inputs need to be submitted electronically and only through the designated platforms of the SEBI/AMFI notified Valuation Agencies. The polling submission process is required to follow the maker/checker concept.
- If the automated system faces an issue, supporting error documentation would be stored and reported to the Valuation Agencies, informing Risk Management /Compliance Teams of the AMC. Further, if the Valuation Agencies seek poll submissions over email, the nominated persons would share the inputs, informing Risk Management/Compliance Teams of the AMC.
- The nominated person(s) would need to respond to the valuation agencies before the end of

business hours (7:00 pm or any other time defined by the Valuation Agency) of the same day on a best effort basis.

- The nominated persons would consider parameters which would include the following before arriving at the fair price/ yield while responding to the polling request:
  - Last available traded prices or market quotes for benchmark securities Yields on the same and/or similar securities of the same and/or similar maturity.
  - Yield on securities belonging to the same issuer Group.
  - Other factors with the nominated team may feel have the potential to influence yields/prices. AMC may not participate in the polling exercise in case the security falls outside the purview of AMC's internal investment guidelines.
  - Instances where polls were not submitted are required to be recorded with due rationale.
- **Review of polling submissions** The Risk Management Team is responsible for identification of outlier polls if any versus the median provided by the Valuation Agencies. The basis point thresholds for identification of such outliers will be as per AMFI Best Practices guidelines. Such outliers will be flagged to the Investment Committee for review and the Fixed Income Investments Team will provide the rationale for the poll submission. An outlier polling report with the justifications will be presented to the AMC/Trustee board.

#### **Conflict of interest**

The polling process is as follows:

- The designated Valuation Agencies independently poll 5 mutual funds each (overall 10 mutual funds) on every business day.
- The securities identified for polling are selected by the agencies without consultation with any mutual fund.
- The security level valuation (SLV) of a polled security is derived by calculating the median of the polls submitted. Thus, an outlier poll submission is not expected to influence the SLV pricing of a security.
- The final valuation price of a security is the average of the SLV prices calculated by the two designated valuation agencies.
- Yields submitted for polled securities are compared for outlier polls based on the regulatory defined credit and duration matrices.
- Outlier polls with the justifications are reported to the AMC/Trustee Boards.

The polling process is thus robust, has built in safeguards and conflicts of interest are largely mitigated.

#### **Reporting**

The Compliance Team should maintain the audit trail of the poll request received and submitted

to Valuation Agencies with detailed rationale as received from nominated persons. The detailed report will be placed before the Valuation Committee on a quarterly basis. The report will also be placed before the Board of Directors of AMC & Board of Trustees for their noting.

### **Record keeping**

All polling done will have to be documented and preserved in the format approved by the Board of AMC for the period of 8 years along-with details of the basis of polling (such as market transactions, market quotes, expert judgement etc.) along with supporting documents wherever applicable.

### **Responsibility of nominated persons**

The nominated person will be responsible for complying with the polling requirement and process enlisted in this Policy and shall also be personally liable for any misuse of the polling process.

### **Business continuity arrangement**

To ensure continuity of poll submissions, the AMC shall identify officials who will act as back-up for the nominated persons. Further, the AMC will have to ensure business continuity arrangements for participating in the polling process. The required infrastructure will be monitored and alternative arrangements will be in place to ensure required information is made available to the nominated person to deliver poll submissions without material interruption due to any technical failure.

#### **A. Policy on computation of NAV:**

The AMC will calculate and disclose the first NAV of the newly launched scheme not later than 5 Business Days from the date of allotment of Units in NFO.

Subsequently, the Net Asset Value (NAV) per Unit of the scheme will be computed and disclosed at the close of every Business Day. The NAV of the scheme is computed by dividing the net assets of the scheme by the number of Units outstanding under the scheme on the valuation date. The AMC will value its investments according to the valuation norms, as specified in Schedule VII of the SEBI (Mutual Fund) Regulations, 2026 or such norms as may be specified by SEBI from time to time. In case of any conflict between the Principles of Fair Valuation and valuation guidelines specified by SEBI, the Principles of Fair Valuation shall prevail.

NAV of Units of the scheme shall be calculated as shown below:

NAV (Rs.) per unit = (Market or Fair Value of the scheme's Investments + Current Assets including Accrued Income - Current Liabilities and Provision including accrued expenses)/  
No. of units outstanding under the scheme on the Valuation Day.

Illustration on Computation of NAV

	Equity Schemes				
	A	B	C=(A-B)	D	E=C/D
	Investment Amount	Stamp Duty 0.005%	Net Investment	Units Outstanding	NAV Per Unit
Rs.	11,50,00,000.00	5,750.00	11,49,94,250.00	1,05,00,000.00	10.95
					Upto 2 decimals
	Debt Schemes				
	A	B	C=(A-B)	D	E=C/D
	Investment Amount	Stamp Duty 0.005%	Net Investment	Units Outstanding	NAV Per Unit
Rs.	11,50,00,000.00	5,750.00	11,49,94,250.00	1,05,00,000.00	10.9518
					Upto 4 decimals

**B. Policy on rounding off:**

Mutual Funds shall round off NAV up to four decimal places for index funds and all types of debt-oriented schemes. For all equity oriented and balanced fund schemes, Mutual Funds shall round off NAVs up to two decimal places. However, Mutual Funds can round off the NAVs up to more than two decimal places in case of equity oriented and balanced fund schemes.

In case of any deviation to this rule, respective scheme offer document will mention the decimals up to which NAV's will be rounded off.

**C. Policy For Computation of NAV in Foreign Securities:**

On valuation date, all assets and liabilities in foreign currency shall be valued in Indian Rupees at the RBI/FBIL reference rate as at the close of banking hours on the relevant Business Day in India. If the security is listed in currency for which RBI/FBIL reference rate is not available, the exchange rates available from Bloomberg/Reuters/any other designated agency will be used. If required, the AMC may change the source of determining the exchange rate. The Fund shall value its investments according to the valuation norms (Valuation Policy includes computation of NAV in case of investment in foreign securities), as specified in the Seventh Schedule of the Regulations, or such guidelines / recommendations as may be specified by SEBI from time to time. On valuation date, all assets and liabilities in foreign currency shall be valued in Indian Rupees at the RBI/FBIL reference rate as at the close of banking hours on the relevant business day in India. For Currencies where RBI/FBIL reference rate is not available, Bloomberg/Reuters/any other designated agency shall be used. If required, the AMC may change the source of determining the exchange rate.

The exchange gain / loss resulting from the foreign securities exchange rates conversion shall be recognized as unrealized exchange gain / loss in the books of the scheme on the day of valuation. Further, the exchange gain / loss resulting from the settlement of assets / liabilities denominated in foreign currency shall be recognized as realized exchange gain /loss in the books of the scheme on the settlement of such assets/ liabilities for NAV computation.

Computation of NAV & NAV disclosure timeline: Refer to the Schemes Information Document (SID) for the methodology of computation of NAV and NAV disclosure timeline.

#### **D. Procedure in case of delay in disclosure of NAV:**

NAV shall be disclosed on AMC website [www.alphagrepmf.ai](http://www.alphagrepmf.ai) and on AMFI website [www.amfiindia.com](http://www.amfiindia.com). NAV shall be available on all centers for acceptance of transactions. NAV shall also be made available at all Investor Service Centres.

In case of any delay, the reasons for such delay would be explained to AMFI in writing. Also, Fund shall report in the quarterly Compliance Test Reports (CTRs) the number of days when mutual funds were not able to adhere to the time limit for uploading the NAVs on the AMFI's website with reasons thereof and the corrective action taken by the AMC to reduce the number of such occurrences.

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

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

#### **A: Taxation on Investing in Mutual Funds**

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

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

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

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

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

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

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

Distribution of income by the Mutual Funds to the unitholders will be taxed directly in the hands of the unitholders of the Mutual Fund at the tax rates applicable to them. Further, the taxpayer can claim a deduction of interest expenditure only under section 57 of the Act which shall be restricted to 20% of the gross dividend income.

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

### **Securities Transaction Tax**

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

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

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

At the time of the sale of units of an equity-oriented fund to the Mutual Fund, the seller is required to pay STT @ 0.001%. STT is not applicable on purchase / sale / redemption of units other than equity-oriented units.

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

We have tabulated below the STT rates applicable on sale/purchase of various securities for your ease of reference:

<b>Transactions/Particulars</b>	<b>Payable by Purchaser</b>	<b>Payable by Seller</b>
Delivery based purchase/sale transaction in equity shares entered into in a recognized stock exchange	0.1%	0.1%
Non-delivery-based sale transaction in equity shares or units of equity-oriented fund entered in a recognised stock exchange	N.A.	0.025%
Delivery based sale transaction of unit of equity-oriented fund	N.A.	0.001%
Sale of options in securities	0.15% of the difference between the strike price and settlement price of the option (In case option is exercised)	0.15%
Sale of futures in securities	N.A.	0.05%
Sale of unlisted shares under an offer for sale to the public	N.A.	0.2%

Sale of a unit of an equity-oriented fund to the Mutual Fund	N.A.	0.001%
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### **Incomes from units**

Income in the nature of dividends distributed by Mutual Funds will be taxable in the hands of the unitholders under section 56 of the Act under the head 'Income from Other Sources' at the applicable rates. Further, the taxpayer can claim a deduction of interest expenditure only under section 57 of the Act which shall be restricted to 20% of the gross dividend income.

### ***Tax deduction at source (TDS) on income distributed by Mutual Funds:***

#### **Resident unitholders**

Section 194K of the Act provides that Mutual Funds are required to withhold tax on income in respect of units at the rate of 10% on income (in excess of INR 10,000) paid to a resident. It has been clarified that the provisions of section 194K of the Act shall apply only in respect of income in the nature of dividends (IDCW) distributed by the Mutual Fund and shall not apply in respect of income which is in the nature of capital gains on units of Mutual Fund.

#### **Non-resident unitholders**

Section 196A of the Act requires Mutual Fund to withhold taxes on income in respect of units at the rate of 20% (plus applicable surcharge and health and education cess) or the rates provided in the tax treaty on any income paid to a non-resident, subject to fulfilment of certain conditions for being able to avail benefits under the tax treaty viz. obtain a valid tax residency certificate (TRC) and electronically file Form 10F.

Under Section 196D of the Act, a 20% withholding tax rate (plus applicable surcharge and cess) applies to income from securities referred to in section 115AD(1)(a) paid to Foreign Institutional Investors (FII)<sup>1</sup>. However, tax treaty benefits can be claimed at the time of withholding tax on income with respect to securities, if the FII provides a tax residency certificate and other necessary documents required to claim treaty benefits. Additionally, no withholding is required for capital gains from the transfer of securities as specified under Section 115AD of the Act.

#### **Gains on transfer / redemption of units**

Gains arising on transfer / redemption of units, as well as from switching between schemes will be chargeable to tax under the Act. The characterization of income from investments in securities as 'business income' or 'capital gains' should be examined on a case-by-case basis.

Any securities held by a Foreign Institutional Investor ('FII')<sup>11</sup> which have invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992, should be regarded as capital assets. Thus, gains arising on transfer/redemption of units by FIIs should be characterized as capital gains.

The CBDT has issued Circular No. 6 of 2016, dated February 29, 2016 providing that listed shares / securities held for more than 12 months would be treated as capital gains unless the tax payer himself treats the same as stock in trade; in other cases, involving sale of listed shares / securities, the characterization of income would be decided on the basis of previous circulars and instructions issued by the CBDT on this subject. The Circular also provides that a position once adopted by the taxpayer would not be allowed to be changed and it would be applicable for the subsequent assessment years. It is however clarified that the principles as outlined in the circular shall not be applicable in cases where the genuineness of the transaction itself is questionable.

**o Business Income**

Where the units of the Mutual Funds are regarded as business assets, then any gains arising from the transfer / redemption of units would be taxed under the head of “Profits and gains of business or profession” under section 28 of the Act. The gain / loss is to be computed under the head of “Profits and gains of business or profession” after allowing for normal business expenses (inclusive of the expenses incurred on the transfer).

Business income is chargeable to tax at the following rates:

<b>Assessee</b>	<b>% of Income Tax</b>
Individuals, HUFs, Association of Persons	Applicable Slab Rate*
Partnership Firms, including Limited Liability Partnerships ('LLPs') & Indian Corporates**	30%
Foreign Companies	35%

\*The Finance (No. 2) Act 2024 has amended the provisions of Section 115BAC to make new tax regime the default tax regime. The slab rates as prescribed under section 115BAC(1A) of the ITA [as amended by Finance Act, 2025 and effective from FY 2026-27] are as under:

<b>Total Income</b>	<b>Tax rates (excluding surcharge and cess)</b>
Up to INR 4,00,000	Nil
From INR 4,00,001 to INR 8,00,000	5%
From INR 8,00,001 to INR 12,00,000	10%
From INR 12,00,001 to INR 16,00,000	15%
From INR 16,00,001 to INR 20,00,000	20%
From INR 20,00,001 to INR 24,00,000	25%
Above INR 24,00,000	30%

However, the taxpayers have the option to opt out of new tax regime and choose to be taxed under old tax regime. The slab rates as per the old tax regime are as under:

<b>Total Income</b>	<b>Tax rates (excluding surcharge and cess)</b>
Up to INR 2,50,000 <sup>^</sup>	Nil
From INR 2,50,001 to INR 5,00,000	5%
From INR 5,00,001 to INR 10,00,000	20%
INR 10,00,001 and above	30%

<sup>^</sup>In case of a resident individual of the age of 60 years or more but less than 80 years, the basic exemption limit is INR 3,00,000. In case of a resident individual of the age of 80 years or more, the basic exemption limit is INR 5,00,000.

\*\*A tax rate of 25% (plus applicable surcharge and health and education cess) is applicable for the financial year 2026-27 in the case of domestic companies having total turnover or gross receipts not exceeding Rs. 400 crores in the financial year 2023-24. Domestic companies may opt for a lower tax rate of 22% (plus fixed surcharge at the rate of 10% and health and education cess) (as per section 115BAA of the Act), subject to fulfillment of prescribed conditions. Further, new domestic manufacturing companies may opt for a lower tax rate of 15% (plus fixed surcharge at the rate of 10% and health and education cess) (as per section 115BAB of the Act), subject to fulfillment of prescribed conditions.

Unless specifically stated, the income-tax rates specified above and elsewhere in this document are exclusive of the applicable surcharge and health and education cess. The rates of surcharge applicable for financial year 2026-27 are given below:

Type of Investor	Surcharge* rate as a % of income-tax					
	If income is less than Rs. 50 lakhs	If income exceeds Rs. 50 lakhs but less than Rs. 1 crore	If income exceeds Rs. 1 crore but less than Rs. 2 crores	If income exceeds Rs. 2 crore but less than Rs. 5 crores	If income exceeds Rs. 5 crores but less than Rs. 10 crores	If income exceeds Rs. 10 crores
Individual, HUF, AOP (in respect of dividend income from domestic companies, income arising in the nature of long-term capital gains on transfer of capital assets and income on which tax is payable in accordance with section 111A of the Act)	Nil	10%	15%			
Individual, HUF, AOP (in respect of income other than dividend income from domestic companies, income arising in the nature of long-term capital gains on transfer of capital assets and income on which tax is payable in accordance with section 111A of the Act)	Nil	10%	15%	25%	37% (Refer Note 1)	
Partnership Firm (including LLP)	Nil	Nil	12%			
Domestic Company (income other than income chargeable to tax under section	Nil	Nil	7%		12%	

115BAA and section 115BAB)				
Domestic Company (paying taxes under section 115BAA and section 115BAB)	10%			
Foreign Company	Nil	Nil	2%	5%

\* Additionally, health and education cess is leviable @ 4% on the income tax and surcharge as computed above.

Note 1: Under the default tax regime i.e. as per Section 115BAC of the Act, maximum surcharge applicable to an individual, HUF, AOP, BOI shall be restricted to 25%. If the assessee opts not to be governed by the default tax regime, then the surcharge rate of 37% shall apply for total income exceeding INR 5 crore.

#### o Capital Gains

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

Sale Consideration	xxx
Less: Cost of Acquisition (Note 1)	(xxx)
Expenses on Transfer (Note 2)	(xxx)
<b>Capital Gains</b>	<b>xxx</b>

Note 1: The benefit of cost inflation index is not available while computing capital gains on transfer of long-term capital asset.

Note 2: This would include only expenses relating to transfer of units.

#### Period of holding

The period of holding has been tabulated below:

Sr. No.	Category of Mutual Fund scheme	Sub-category of Mutual Fund	Listed / Unlisted	Period of Holding for Long term
1	Equity Oriented Mutual Funds (Note 1)	Equity Mutual Fund	N/A	More than 12 Months
		Equity Fund of Funds	N/A	More than 12 Months
2	Specified Mutual Funds	Debt Mutual Fund/ Conservative Hybrid Funds /Money Market Funds etc	Listed / Unlisted	Deemed short term capital gains

3	Other Mutual Funds	Gold ETF, Silver ETF & International ETFs	Listed	More than 12 Months
			Unlisted	More than 24 Months

**Notes:**

1. In case of ELSS, the units are subject to a lock-in period of 3 years. Accordingly, any sale of units after this lock-in period will qualify as a long-term capital gain.
2. As per section 50AA of the Act, “specified mutual fund” means (a) a Mutual Fund by whatever name called, which invests more than sixty-five per cent of its total proceeds in debt and money market instruments; or (b) a fund which invests sixty-five per cent or more of its total proceeds in units of a fund referred to in sub-clause (a).”

Provided that the percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures.

Provided further that for the purposes of this clause, “debt and money market instruments” shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.’

The above definition of “specified mutual fund” will be effective from 01 April 2025.

**Capital gains - In the case of equity-oriented fund (EOF)**

Tax Status of Investor	Capital Gains Tax		Tax on
	Short Term	Long Term	Distributed Income under Dividend Option
Resident Individual / HUF / AOP / BOI	20%	12.5%	At the applicable slab rate*
Domestic Companies			
NRIs			
FII <sup>1</sup>			20%

\*Kindly refer to the tabulated slab rate chart mentioned above

**Notes:**

- As per section 112A of the Act, long-term capital gains on transfer of units of EOFs exceeding ₹ 1,25,000 shall be taxable @ 12.5% provided transfer of such units is subject to STT, without giving effect to first and second proviso to section 48 i.e., without taking benefit of foreign currency fluctuation and indexation

<sup>1</sup> As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as ‘Foreign Institutional Investor’ for the purposes of clause (a) of the Explanation to section 115AD of the Act

benefit. Further, cost of acquisition to compute long-term capital gains is to be higher of (a) Actual cost of acquisition; and (b) Lower of (i) fair market value as on 31 January 2018; and (ii) full value of consideration received upon transfer.

- "Equity oriented fund" has been defined to mean a fund set up under a scheme of a Mutual Fund specified under clause (23D) of section 10 and,—
  - (i) in a case where the fund invests in the units of another fund which is traded on a recognized stock exchange,—
    - (A) a minimum of ninety per cent of the total proceeds of such fund is invested in the units of such other fund; and
    - (B) such other fund also invests a minimum of ninety per cent of its total proceeds in the equity shares of domestic companies listed on a recognized stock exchange; and
  - (ii) in any other case, a minimum of sixty-five per cent of the total proceeds of such fund is invested in the equity shares of domestic companies listed on a recognized stock exchange

Further it is stated that the percentage of equity shareholding or unit held in respect of the fund, as the case may be, shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

- In cases where the taxable income, reduced by long term capital gains of a resident individual or HUF is below the taxable limit, the long-term capital gain will be reduced to the extent of this shortfall and only the balance of the long-term capital gain is chargeable to income tax. In case where the taxable income as reduced by short term capital gains of a resident individual or HUF is below the taxable limit, the short-term capital gain will be reduced to the extent of this shortfall and only the balance short term capital gain is chargeable to income tax.
- In the cases, where the gross total income includes such Long-term capital gains, deduction under Chapter VI-A should be allowed for the gross total income as reduced by such capital gains. Also, rebate under section 87A (available for resident investors) should be allowed from the income-tax on the total income as reduced by tax payable on such capital gains except long term capital gain under section 112A of the Income Tax Act, 1961.
- In case of resident individuals, if section 115BAC is not opted, a rebate of up to Rs. 12,500 is available if total income does not exceed Rs. 500,000.
- The Finance Act, 2025 has amended Section 87A of the Act to provide that where an Individual apply for lower slab rates provided under section 115BAC(1A) and the total income:
  - i. does not exceed 12,00,000, a rebate shall be provided on tax to the extent of an amount equal to 100% of such income-tax or an amount of INR 60,000 (whichever is less);
  - ii. exceeds INR 12,00,000 and the income-tax payable on such total income exceeds the amount by which the total income is in excess of 12,00,000, a rebate shall be provided on tax of an amount equal to the amount by which the tax payable is in excess of the amount by which the total income exceeds 12,00,000.

Further, such rebate of income-tax will not be available on tax on incomes chargeable to tax at special rates (for e.g.: capital gains u/s 111A, 112 etc.).

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

Particulars	Section 54F	Section 54EE
Eligible persons	Individuals and HUFs	All assesses
Asset to be purchased to claim exemption	One residential house in India	“long-term specified asset” means a unit or units, issued before the 1st day of April 2019, of such fund as may be notified by the Central Government in this behalf.’
Time limit for purchase from date of sale of MF units	Purchase: 1 year backward / 2 years forward & Construction: 3 years forward	6 months
Amount Exempted	Capital gains proportionate to the investment made from the sale proceeds (subject to other conditions of owning / purchasing the residential house mentioned in the section)	Investment in the new asset or capital gain whichever is lower subject to maximum deduction of Rs. 50 Lakhs in a financial year.  Further, such investment made during the financial year in which the original asset was transferred and in the subsequent financial year does not exceed Rs.50 lakhs
Lock-in period	3 years	3 years from sale of transfer of original asset
Maximum deduction	INR 10 crores	INR 50 lakhs

#### Capital gains - In the case of specified mutual funds\*

Tax Status of Investor	Capital Gains Tax	
	Short Term	Long Term
Resident Individual / HUF	At the applicable slab rate**	NA
AOP / BOI		
Domestic Companies / Firms		
NRI	15%/22%/ 25%/ 30%^	
FII <sup>2</sup>	At the applicable slab rate**	NA
	30%	

\*\*Kindly refer to the tabulated slab rate chart mentioned above

^ A tax rate of 25% (plus applicable surcharge and health and education cess) is applicable for the financial year 2026-27 in the case of domestic companies having total turnover or gross receipts not exceeding Rs. 400 crores in the financial year 2023-24. Domestic companies may opt for a lower tax

<sup>2</sup> As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as ‘Foreign Institutional Investor’ for the purposes of clause (a) of the Explanation to section 115AD of the Act

rate of 22% (plus fixed surcharge at the rate of 10% and health and education cess) (as per section 115BAA of the Act), subject to fulfillment of prescribed conditions. Further, new domestic manufacturing companies may opt for a lower tax rate of 15% (plus fixed surcharge at the rate of 10% and health and education cess) (as per section 115BAB of the Act), subject to fulfillment of prescribed conditions

**Notes:**

- As per section 50AA of the Act, “specified mutual fund” means (a) a Mutual Fund by whatever name called, which invests more than sixty-five per cent of its total proceeds in debt and money market instruments; or (b) a fund which invests sixty-five per cent or more of its total proceeds in units of a fund referred to in sub-clause (a).”
- Provided that the percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures.
- Provided further that for the purposes of this clause, “debt and money market instruments” shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.’
- The above definition of “specified mutual fund” will be effective from 01 April 2025.
- In case where the taxable income as reduced by short term capital gains of a resident individual or HUF is below the taxable limit, the short-term capital gain will be reduced to the extent of this shortfall and only the balance short term capital gain is chargeable to income tax.

**Capital gains – In case of other mutual funds\***

Tax Status of Investor	Capital Gains Tax		Tax on Distributed Income under Dividend Option
	Short Term	Long Term	
Resident Individual / HUF	At the applicable slab rate**	12.5%	At the applicable slab rate
AOP / BOI			
Domestic Companies / Firms	15%/22%/ 25%/ 30%^		
NRIs	At the applicable slab rate**		
FII <sup>3</sup>	30%	12.5%	20%

**\*Other mutual funds:**

- Hybrid Fund (investing more than 35% in equity and less than 65% in debt and money market instruments)

<sup>3</sup> As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as ‘Foreign Institutional Investor’ for the purposes of clause (a) of the Explanation to section 115AD of the Act

- Gold ETFs / Bond ETF / Liquid ETF
- Fund Of Funds (Domestic) other than Fund of funds as defined under the “Equity Oriented Fund” definition under section 112A of the Act
- Fund Of Funds Investing Overseas

*\*\* Kindly refer to the tabulated slab rate chart mentioned above ^ A tax rate of 25% (plus applicable surcharge and health and education cess) is applicable for the financial year 2025-26 in the case of domestic companies having total turnover or gross receipts not exceeding Rs. 400 crores in the financial year 2023-24. Domestic companies may opt for a lower tax rate of 22% (plus fixed surcharge at the rate of 10% and health and education cess) (as per section 115BAA of the Act), subject to fulfillment of prescribed conditions. Further, new domestic manufacturing companies may opt for a lower tax rate of 15% (plus fixed surcharge at the rate of 10% and health and education cess) (as per section 115BAB of the Act), subject to fulfillment of prescribed conditions*

**Notes:**

- The benefit of cost inflation index is not available while computing capital gains on transfer of long-term capital asset.
- In cases where the taxable income, reduced by long term capital gains of a resident individual or HUF is below the taxable limit, the long-term capital gain will be reduced to the extent of this shortfall and only the balance of the long-term capital gain is chargeable to income tax. In case where the taxable income as reduced by short term capital gains of a resident individual or HUF is below the taxable limit, the short-term capital gain will be reduced to the extent of this shortfall and only the balance short term capital gain is chargeable to income tax.
- In the cases, where the gross total income includes such Long-term capital gains, deduction under Chapter VI-A should be allowed for the gross total income as reduced by such capital gains. Also, rebate under section 87A (available for resident investors) should be allowed from the income-tax on the total income as reduced by tax payable on such capital gains except long term capital gain under section 112A of the Income Tax Act, 1961.
- In case of resident individuals, if section 115BAC is not opted, a rebate of up to Rs. 12,500 is available if total income does not exceed Rs. 500,000.
- The Finance Act, 2025 has amended Section 87A of the Act to provide that where an Individual apply for lower slab rates provided under section 115BAC(1A) and the total income:
  - i. does not exceed 12,00,000, a rebate shall be provided on tax to the extent of an amount equal to 100% of such income-tax or an amount of INR 60,000 (whichever is less);
  - ii. exceeds INR 12,00,000 and the income-tax payable on such total income exceeds the amount by which the total income is in excess of 12,00,000, a rebate shall be provided on tax of an amount equal to the amount by which the tax payable is in excess of the amount by which the total income exceeds 12,00,000.

Further, such rebate of income-tax will not be available on tax on incomes chargeable to tax at special rates (for e.g.: capital gains u/s 111A, 112 etc.)

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

Particulars	Section 54F	Section 54EE
Eligible persons	Individuals and HUFs	All assesses
Asset to be purchased to claim exemption	One residential house in India	“long-term specified asset” means a unit or units, issued before the 1st day of April 2019, of such fund notified by the Central Government
Time limit for purchase from date of sale of MF units	Purchase: 1 year backward / 2 years forward & Construction: 3 years forward	6 months
Amount Exempted	Capital gains proportionate to the investment made from the sale proceeds (subject to other conditions of owning / purchasing the residential house mentioned in the section)	Investment in the new asset or capital gain whichever is lower subject to maximum deduction of Rs. 50 Lakhs in a financial year.  Further, such investment made during the financial year in which the original asset was transferred and in the subsequent financial year does not exceed Rs.50 lakhs
Lock-in period	3 years	3 years from date of Investment in specified asset
Maximum deduction*	INR 10 crores	INR 50 lakhs

- **Capital losses**

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

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

Capital losses can be carried forward only if the return of income is filed within the due date prescribed under Section 139(1)

- **Consolidation / Merger of schemes**

In case of consolidation of mutual fund schemes, the investors generally receive units in the consolidated scheme in consideration of units held in the consolidating scheme. As per the Finance Act, 2015, the following provisions would apply from Assessment year 2016-17 and onwards in case of consolidation of mutual fund schemes.

As per section 47(xviii) of the Act, any transfer of units held by the investor in the consolidating scheme of the mutual fund in consideration of allotment of units in the consolidated scheme, shall not be regarded as a taxable transfer, provided that the consolidation is of two or more schemes of an equity-oriented fund or two or more schemes of a fund other than equity-oriented fund.

Further, as per section 49(2AD) of the Act, the cost of acquisition of units in the consolidating scheme shall be deemed to be the cost of acquisition of the units in the consolidated scheme. Also, as per section 2(42A) of the Act, the period of holding of the units in the consolidated scheme shall include the period of holding of the units in the consolidating scheme.

- **Consolidation / Merger of plans**

The tax exemption, available on merger or consolidation of mutual fund schemes has been extended to the merger or consolidation of different plans in a mutual fund scheme.

For this purpose, Section 47 has been amended to provide that any transfer by a unit holder of a capital asset, being a unit or units, held by him in the consolidating plan of a mutual fund scheme, made in consideration of the allotment to him of a capital asset, being a unit or units, in the consolidated plan of that scheme of the mutual fund shall not be considered transfer for capital gain tax purposes and thereby shall not be chargeable to tax.

Further, sub-section (2AF) is inserted under section 49 of the Act to provide that the cost of acquisition of units in the consolidating plan of a scheme shall be deemed to be the cost of acquisition of the units in the consolidated plan. Also, section 2(42A) of the Act is amended, whereby the period of holding of the units in the consolidated plan of a scheme shall include the period of holding of the units in the consolidating plan of a scheme.

- **Minimum Alternative Tax/Alternate Minimum Tax**

The income on the transfer of Mutual Fund units by a company would be taken into account in computing the book profits and Minimum Alternative Tax ('MAT'<sup>[5]</sup>), if any, under section 115JB of the Act.

Income of a foreign company in respect of capital gains on transactions in securities (as defined under Securities Contract Regulation Act), as well as corresponding expenses, are to be excluded while computing income under minimum alternate tax provisions, if tax payable thereon is less than 15% (plus surcharge and health and education cess).

The taxable income on transfer of Mutual Fund units would be taken into account in computing the Adjusted Total Income and Alternate Minimum Tax, if any, under section 115JC<sup>[6]</sup> of the Act.

An amendment has been made *vide* the Finance Act, 2016, to clarify that MAT provisions should not be applicable to a foreign company with retrospective effect from financial year 2001-2002, if:

- it is resident of a country with which India has a DTAA, and it does not have a permanent establishment in India, in accordance with the provisions of the relevant DTAA; or
- it is resident of a country with which India does not have a DTAA, and it is not required to seek registration under Indian corporate laws.

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

- **Resident unit holders:**

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

- **Non-resident unit holders:**

**The taxes shall be deducted at the below mentioned rates:**

Sr. No.	Category of Mutual Fund scheme	Sub-category of Mutual Fund	Listed / Unlisted	Long term tax rate**	Short Term tax rate**
1	Equity Oriented Mutual Funds (Note 1)	Equity Mutual Fund	N/A	12.50%	20%
		Equity Fund of Funds	N/A	12.50%	20%
2	Specified Mutual Funds*	Debt Mutual Fund/ Conservative Hybrid Funds/ Money Market Funds etc	Listed / Unlisted	Applicable slab rates <sup>^</sup>	
3	Other Mutual Funds	Gold ETF Silver ETF & International ETFs, etc)	Listed	12.50%	Applicable slab rates
			Unlisted	12.50%	Applicable slab rates

\*Kindly refer to the definition of “specified mutual fund” mentioned above

\*\* The tax rates tabulated above are excluding applicable surcharge and cess

<sup>^</sup>Kindly refer to the tabulated slab rate chart mentioned above

## Notes:

1. Tax is required to be deducted at source under section 195 of the Act, on payment to a non-resident of any sum chargeable under the provisions of the Act, at the applicable rates. A non-resident, eligible to claim treaty benefits, would be governed by the provisions of the Act to the extent that they are more beneficial than the DTAA. Accordingly, tax should be withheld as per the provisions of the Act or the provisions in the DTAA, whichever is more beneficial to the assessee, subject to certain conditions. However, the unit holder will be required to provide appropriate documents to the Fund, in order to be entitled to a beneficial rate under the relevant DTAA.

As per section 90(4) of the Act, a non-resident shall not be entitled to claim treaty benefits, unless the non-resident obtains a Tax Residency Certificate ('TRC') of being a resident of his home country. Furthermore, as per section 90(5) of the Act, a non-resident is also required to provide other information in the prescribed Form No. 10F.

2. Under section 196B of the Act (i.e. in case of units of an equity-oriented fund and other mutual funds purchased in foreign currency as per the provisions of section 115AB of the Act), tax shall be deducted at source from long term capital gains @ 12.5% plus applicable surcharge and health and education cess.

### • Foreign Institutional Investors

As per the provisions of section 196D of the Act, no deduction of tax shall be made from any income from capital gains arising from the transfer of securities referred to in section 115AD, payable to a FII<sup>[7]</sup>.

### Deduction of tax at source on payment of certain sum for purchase of goods

Section 194Q of the Act provides that a buyer who is responsible for paying any sum to any resident seller for purchase of any goods of the value or aggregate of such value exceeding INR 50 lakhs in any previous year, shall, at the time of credit of such sum to the account of the seller or at the time of payment thereof by any mode, whichever is earlier, deduct an amount equal to 0.1% of such sum exceeding INR 50 lakhs as income-tax.

For the purpose of this clause, the term "buyer" means a person whose total sales, gross receipts or turnover from the business carried on by him exceed INR 10 crore during the financial year immediately preceding the financial year in which the purchase of goods is carried out, not being a person, as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.

The section further provides that if any sum is credited to any account, whether called "suspense account" or by any other name, in the books of the buyer liable to pay such income, such credit of income shall be deemed to be the credit of such income to the account of the payee (i.e. seller) and the provisions of this section shall apply accordingly.

The provisions of this section shall not apply to a transaction on which—

- (a) tax is deductible under any of the provisions of this Act; and
- (b) tax is collectible under the provisions of section 206C of the Act.

### **Tax deducted on benefit or perquisites in respect of business and profession:**

Section 194R of the Act, requiring deduction of tax in respect of any benefit or perquisite provided to a resident, where the benefit is arising from a business or exercise of profession by such resident.

The tax has to be deducted in respect of such benefit at the rate of 10% of the value or aggregate of value of such benefit. The provision is applicable where the value or aggregate of value of benefit given to a resident during the financial year exceeds INR 20,000.

### **Failure to provide Permanent Account Number (PAN)**

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

1. The rate prescribed in the Act;
2. The rate in force; or
3. The rate of 20%.

As per an amendment *vide* the Finance Act, 2016 the provisions of section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect of any specified payment. This is, however, subject to the conditions prescribed in rule 37BC of the Income-tax Rules, 1962. As per the said Rule, the provisions of section 206AA should not apply, *inter alia*, on payment of dividend and capital gains where the non-resident deductee furnishes following details and documents:

- i. Name, e-mail id, contact number;
- ii. Address in the country of residence;
- iii. Tax Residency Certificate (TRC), if the law of country of residence provides for such certificate;
- iv. Tax Identification Number (TIN) in the country of residence.

Where TIN is not available, a unique identification number is required to be furnished through which the deductee is identified in the country of residence.

The Finance Act 2021 has amended the provisions of Section 206AA to provide that where the tax is required to be withheld under Section 194Q of the Act and PAN is not provided, the rate of tax shall be 5% instead of 0.1%.

Section 206CC of the Act states that any person paying any sum or amount, on which tax is collectible at source shall furnish his Permanent Account Number to the person responsible for collecting such tax (herein referred to as collector), failing which tax shall be collected at the higher of the following rates, namely:—

- (i) at twice the rate specified in the relevant provision of this Act; or
- (ii) at the rate of five per cent.

The rate of TCS under section 206CC shall not exceed 20% <sup>[8]</sup>

However, the provisions of this section shall not apply to a non-resident who does not have permanent establishment in India.

### **Dividend stripping**

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

In the Finance Act, 2022 the said provision is applicable to securities as well and the definition of unit has also been modified, so as to include units of business trusts and AIF, within the definition of units.

### **Bonus stripping**

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

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

In the Finance Act, 2022, sub-section 8 of the section 94 has modified the definition of unit, so as to include units of business trusts and AIF, within the definition of units.

### **Religious and Charitable Trust**

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

### **National pension scheme:**

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

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

### **Deemed Income**

Under section 56(2)(x), receipt of shares and securities without consideration or without adequate consideration, the difference (if exceeding fifty thousand rupees) between the aggregate FMV and such consideration is taxable as income in the hands of any person being recipient of such shares and securities.

Further the above provision of section 56(2)(x) shall not apply to any units/shares received by the donee:

- (a) From any relative; or
- (b) On the occasion of the marriage of the individual; or
- (c) Under a will or by way of inheritance; or
- (d) In contemplation of death of the payer or donor, as the case may be; or
- (e) From any local authority as defined in the Explanation to clause (20) of section 10 of the Act; or

- (f) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the Act; or
- (g) From any trust or institution registered under section 12AA of the Act.
- (h) Transaction not regarded as transfer under clause (i), (vi), (via), (viaa), (vib), (vic), (vica), (vicb), (vid), (vii) of section 47.
- (i) From an individual by a trust created or established solely for the benefit of relative of the individual.

The term 'relative' shall mean:

A] In the case of an Individual -

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

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

<sup>1</sup> As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as 'Foreign Institutional Investor' for the purposes of clause (a) of the Explanation to section 115AD of the Act.

<sup>2</sup> As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as 'Foreign Institutional Investor' for the purposes of clause (a) of the Explanation to section 115AD of the Act

<sup>3</sup> As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as 'Foreign Institutional Investor' for the purposes of clause (a) of the Explanation to section 115AD of the Act

<sup>4</sup> As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as 'Foreign Institutional Investor' for the purposes of clause (a) of the Explanation to section 115AD of the Act

<sup>5</sup> MAT should not apply in case of domestic companies exercising option under section 115BAA and section 115BAB of the Act.

<sup>6</sup> Section 115JC is applicable to all persons other than company which has claimed any deduction under Chapter VI-A under the heading 'C- Deductions in respect of certain incomes' (other than section 80P) or section 10AA.

<sup>7</sup> As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as 'Foreign Institutional Investor' for the purposes of clause (a) of the Explanation to section 115AD of the Act.

<sup>8</sup> As amended by Finance Act 2023 w.e.f. 1 July 2023.

## **A. LEGAL INFORMATION**

### **1. NOMINATION FACILITY**

Unit holder can nominate (in the manner prescribed under the SEBI MF Regulations), maximum upto 10 person(s) in whom the Units held by him/her shall vest in the event of his/her death. It shall be mandatory to indicate clearly percentage of allocation/share in favour of each of the nominees against their name and such allocation/share should be in whole numbers without any decimals making a total of 100 percent. If the Investor states equal percentage allocation among 10 nominees the percentage allocation will be considered as 10% each. In the event of the Unitholders not indicating the percentage of allocation/share for each of the nominees, the AMC, by invoking default option shall settle the claim equally amongst all the nominees. By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee. A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder. The nominee shall receive the Units only as an agent and trustee for the legal heirs or legatees, as the case may be. It is, hereby, clarified that the nominees under the nomination facility shall receive the assets of the deceased unit holder as a trustee on behalf of the legal heir(s) of the deceased unit holder, thereby effecting due discharge of the AMC. Further, legal heirs of nominees shall not have the right to inherit the assets of the unit holder, if the nominee pre-deceases the unit holder and if upon such demise of the nominee, no change is made in the nomination by the unit holder, then the assets shall be distributed to the surviving nominees on a pro rata basis as prescribed by SEBI in this regard.

Nomination made by a unitholder shall be applicable for investments in all the Schemes in the folio or account and every new nomination for a folio or account will overwrite the existing nomination. Thus, a new nomination request will imply the simultaneous cancellation of the existing nomination and request for a fresh nomination. It is clarified that in case of joint accounts/holdings, upon the demise of one or more joint unit holder(s), the AMC shall transmit the assets held to the surviving unit holder(s) vide name deletion and such surviving unit holder(s) shall receive the assets as owners, as opposed to a trustee. In this regard, the surviving joint unit holders shall be entitled to continue with or change or cancel the nominations made previously. The mode of operation of the joint account shall be unaffected by the rule of survivorship.

In case there is a situation where there is a simultaneous passing away of all joint unit holders of a particular joint account, the AMC shall transmit the assets in the account or folio of the registered nominee(s) for effecting its due discharge. In case such joint holders have not opted for nomination and have not indicated any registered nominee, the AMC shall transmit the assets in the account/ folio to either: (a) the legal heir or legal representative of the youngest of the joint holders as per the rules of intestate succession; or (b) as per the Will of the latter, as the case may be, after following the procedure prescribed by SEBI and/or AMFI in this regard.

The nomination can be made only by individuals applying for / holding units on their own behalf singly or jointly in favour of one or more persons. Non-individuals, including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney, cannot nominate. Nomination form cannot be signed by Power of Attorney (PoA) holders. In case of accounts/folios held by Hindu Undivided Family, upon the death of the Karta as recorded, the new Karta as constituted under applicable law would be entitled to operate such account/ folio. In the absence of a new Karta, the AMC shall effect transmission of the account /folio as per the dissolution deed and other criteria as may be defined by AMFI, in consultation with SEBI.

In case a folio has joint holders, all joint holders should sign the request for nomination / cancellation of nomination, even if the mode of holding is not "joint". A minor can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the unit holder. The Applicant is advised that, in case of Single Holding, the Guardian to a Minor Nominee should be a person other than the Applicant.

Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of these offices or a religious or charitable trust.

The Nominee shall not be a trust (other than a religious or charitable trust), society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a Nominee subject to the exchange controls in force, from time to time.

Nomination shall not be allowed in a folio/account held on behalf of a minor.

Nomination in respect of the units stands rescinded upon the transfer of units.

Transfer of units in favour of a Nominee shall be valid discharge by the AMC against the legal heir.

The cancellation of nomination can be made only by those individuals who hold units on their own behalf single or jointly and who made the original nomination.

Nomination in respect of units stands rescinded upon redemption of units. On cancellation of the nomination, the nomination shall stand rescinded and the AMC shall not be under any obligation to transfer the units in favour of the Nominee.

The nomination details as registered with the Depository Participant shall be applicable to unitholders who have opted to hold units in Demat mode.

The Regulations requires all mutual funds to provide an optional nomination facility to the unit holders to nominate a person in whose favour the units shall be transmitted in the event of death of the unitholder. Further, paragraph 15.14 of the Master Circular and AMFI vide its Best Practice Guidelines Circular No.105 /2022-23 dated January 9, 2023 and Circular No. 135/BP/ 110 /2023-24 dated January 31, 2024 provides guidelines to be followed by the AMC on Nomination.

1. An investor investing in Mutual Fund Units will have the choice to either nominate a person or to opt out of nomination through a signed declaration form in the prescribed format, in physical or online mode. In case of physical option or offline option, the AMC shall verify the signatures as per the mode of holding while registering or changing nomination. When a unit holder is affixing his/her thumb impression on the nomination form the same shall be witnessed by two persons and details of such witnesses shall be duly captured in the nomination form. However, if the nomination form carried wet/ digital/ e-signature, then there is no requirement of witnesses.  
In case of online option, the forms will be validated using e-Sign facility recognized under Information Technology Act, 2000 or Aadhar based e-sign, instead of wet signature(s) of all the unit holder(s) or through Digital Signature Certificate or through two factor authentication (2FA) in which one factor will be a one-time password (OTP) sent to the concerned unit holder at his/her email/ phone number, registered with the AMC. Furthermore, the AMC and its RTA shall on a fortnightly basis send communication to unitholders who have not opted for the nomination facility, to opt for nomination, in order to encourage them to opt for the same.
2. Effective from January 10, 2025, nomination is mandatory for all single holdings while the requirement for nomination would still be optional for jointly held accounts/folios. With respect to unit holders having a single holding, the AMC shall provide such unit holders with the option to:
  - (a) Empower any one of the nominees (excluding minor nominee) to operate the unit holder's account/folio, if the unit holder is physically incapacitated but has the capacity to contract;
  - (b) Specify either the percentage or absolute value of assets in the account/folio that can be encashed by the nominee;
  - (c) Change such mandate any number of times without any restriction.
3. For existing unit holders holding securities in a physical form (on or before June 10, 2024), such unit holders shall be eligible for receipt of any payment including dividend, interest or redemption payment as well as the right to lodge any complaint or avail any service request from the RTA, even if such unit holders have not opted for nomination.

**For Units held in electronic (demat) Mode:** For units of the Scheme(s) held in electronic (demat) form with the Depository, the nomination details provided by the Unit holder to the depository will be applicable

to the Units of the Scheme. Such nomination including any variation, cancellation or substitution of Nominee(s) shall be governed by the rules and byelaws of the Depository. In case nomination has been made for DP account with joint holders, in case of death of any of the joint holder(s), the securities will be transmitted to the surviving holder(s). Only in the event of death of all the joint holders, the securities will be transmitted to the nominee. In case nomination is not made by the sole holder of DP account, the securities would be transmitted to the account of legal heir(s), as may be determined by an order of the competent court.

Transfer of Units / payment to the nominee of the sums shall discharge the Mutual Fund / AMC of all liability towards the estate of the deceased Unit holder and his/her/their successors/legal heirs.

The nomination facility extended under the Scheme(s) is subject to existing laws.

The AMC shall, subject to production of such evidence which in their opinion is sufficient, proceed to effect the payment to the Nominee.

### **JOINT HOLDERS**

In the event the account has more than one registered holder the first-named Unit holder shall receive the account statements, all notices and correspondence with respect to the account, as well as the proceeds of any Redemption or IDCW or other distributions, as applicable. In addition, such holder shall have the voting rights, as permitted, associated with such Units as per the applicable guidelines.

In case of death / insolvency of any one or more of the persons named in the Register of Unit holders as the joint holders of any Units, the AMC shall not be bound to recognise any person(s) other than the remaining holders. In all such cases, the proceeds of the Redemption will be paid to the first-named of such remaining Unit holders.

For DP account held in joint names, the rules and bye-laws of the Depository for operation of such DP accounts will be applicable.

However, in all cases, the proceeds of redemption or IDCW or other distributions will be paid to the first named unit holders. All payments and settlements made to the first named unit holder would constitute valid discharge by the Fund.

### **PLEDGE OF UNITS**

The Units under the Scheme may be offered as security by way of a pledge / charge in favour of scheduled banks, financial institutions, non-banking finance companies (NBFC's), or any other body subject to completion of lock-in-period, if applicable. The AMC and / or the ISC will note and record such Pledged Units. A standard form for this purpose is available on request from any of the ISCs. The AMC shall mark a lien only upon receiving the duly completed form and documents as it may require, subject to the sole discretion of the AMC and investor being KYC Compliant. Disbursement of such loans will be at the entire discretion of the bank / financial institution / NBFC or any other body concerned and the Mutual Fund assumes no responsibility thereof.

The Pledgor will not be able to redeem Units that are pledged until the entity to which the Units are pledged provides written authorisation to the Mutual Fund that the pledge / charge may be removed.

In case of any subsisting credit facilities secured by a duly created pledge, the AMC shall obtain due discharge from the creditors prior to transmission of assets to the nominee(s) or legal heir(s) or legal representatives, as the case may be.

## TRANSFER AND TRANSMISSION OF UNITS

Units of the Scheme may, if decided by the AMC, be held with a Depository. Under such circumstances, Units will be transferable in accordance with the provisions of the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as may be amended from time to time.

If a person becomes a holder of the Units consequent to the operation of law or upon enforcement of a pledge, the Mutual 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 Mutual Fund subject to production of satisfactory evidence and completion of formalities as specified by the AMC.

Upon transmission of any joint account/folio, the nominees shall have the option to either continue as joint holders with the other nominees or open separate single account/folio, for their respective portion.

Further in accordance with the AMFI Best Practice Circular No. 135/BP/ 110 /2023-24 dated January 31, 2024 on "Clarification in respect of AMFI Best Practices Guidelines circular No. 53 dated February 11, 2015 read with AMFI Best Practices Guidelines 20 dated February 9, 2011 regarding "Transmission of Units" and as per Para 15.15 of the Master Circular, the following will be applicable:

### 1. Deletion of names of the deceased unit holders in case of death of 2nd and/or 3rd Holder

- i) Request Form (Form T1) from surviving unitholder(s) requesting for Deletion of Name of Deceased 2nd and/or 3rd Holder.
- ii) Death Certificate in original or photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original. Fresh Bank Mandate Form along with cancelled cheque of the new bank account (only if there is a change in existing bank mandate)
- iii) Fresh Nomination Form (or Nomination Opt-out form) in case there is no nomination or a change in existing nomination is desired by the surviving unit holders.
- iv) KYC Acknowledgment or KYC Form of the surviving unit holder(s), *if not KYC compliant*. Transmission will be completed only once the status of the KYC is "KYC complied".
- v) Additional documentation required:

ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid Officially Valid Document (OVD) as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and Original Seen and verified (OSV) seal attested by them.

### 2. Transmission of Units to surviving unit holder(s) in case of death of the 1st holder

- i) Transmission Request Form (Form T2) for Transmission of Units to the surviving unitholder/s.
- ii) Death Certificate of the deceased unitholder(s) in original OR photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original Self-attested copy of PAN Card of the Surviving Joint Holder(s) (*if PAN is not provided already*)
- iii) Cancelled cheque of the new first unitholder, with the claimant's name pre-printed **OR**  
Recent Bank Statement/Passbook (not more than 3 months old) of the new first holder.
- iv) KYC Acknowledgment OR KYC Form of the surviving unit holder(s), *if not KYC compliant*.

v Transmission will be completed only once the status of the KYC is “KYC complied”.

vi Additional documentation required:

ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other OVD as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and OSV seal attested by them.

### **3. Transmission of Units to the registered Nominee/s in case of death of sole or all unitholders**

i Transmission Request Form (Form T3) for Transmission of Units in favour of the Nominee(s).

ii Death Certificate of the deceased unitholder(s) in original OR photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original Copy of Birth Certificate, in case the Nominee is a minor.

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

iv KYC Acknowledgment OR KYC Form of the Nominee(s) / Guardian (where Nominee is a Minor). Transmission will be completed only once the status of the KYC is “KYC complied”. cancelled cheque with the Nominee’s name pre-printed OR copy of the Nominee’s recent Bank Statement/Passbook (which is not more than 3 months old).

v If the transmission amount is upto ₹ 5 Lakh, Nominee’s signature attested by the Bank Manager as per Annexure-I(a). In case the Nominee is a minor, signature of the guardian (as per the bank account of the Minor or the joint account of the minor with the guardian) shall be attested.

vi If the transmission amount is for more than ₹ 5 Lakh, as an operational risk mitigation measure, signature of the Nominee shall be attested by a Notary Public or a Judicial Magistrate First Class (JMFC) with seal and date in the space provided for signature attestation in the TRF itself below the signature of the claimant.

vii Additional documentation required:

ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid OVD as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and OSV seal attested by them.

### **4. Transmission of Units to the claimant/s on death of the Sole unitholder or All unitholders, where there is NO nomination has been registered**

i. Transmission Request Form (Form T3) for Transmission of Units to the claimant. Death Certificate of the deceased unitholder(s) in original OR photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original copy of Birth Certificate in case the claimant is a minor.

ii. Self-attested copy of PAN card of the claimant / guardian (in case the claimant is a minor).

iii. KYC Acknowledgment OR KYC Form of the claimant / guardian (in case the claimant is a minor). Transmission will be completed only after the KYC status is updated as “KYC complied”.

iv. Cancelled cheque with the claimant’s name pre-printed OR copy of the claimant’s recent Bank Statement/Passbook (which is not more than 3 months old).

v. Additional documentation required:

ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid OVD as per PMLA guidelines] of

the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and OSV seal attested by them

**IF THE TRANSMISSION AMOUNT IS UP TO ₹ 5 LAKH**

- a) Bank Attestation of signature of the claimant by the Bank Manager as per Annexure-I(a). In case the claimant is a minor, the signature of the guardian (as per the bank account of the minor or the joint account of the minor with the Guardian) shall be attested.
- b) Any appropriate document evidencing relationship of the claimant/s with the deceased unitholder/s.
- c) Bond of Indemnity as per Annexure-II → to be furnished by Legal Heirs for Transmission of Units without production of Legal Representation.

Provided that in case the legal heir(s)/claimant(s) is submitting the Succession Certificate or Probate of Will or Letter of Administration or appropriate Court order wherein the claimant is named as a beneficiary, an affidavit as per Annexure-III from such legal heir/claimant(s) alone would be sufficient, i.e., Bond of Indemnity is not required.

- d) Individual Affidavit to be given by **each** legal heir as per Annexure-III
- e) NOC from other legal heirs as per Annexure – IV, where applicable

**IF THE TRANSMISSION AMOUNT IS MORE THAN ₹ 5 LAKH**

- a) Signature of the claimant duly attested by a Notary Public or a JMFC with seal and date in the space provided for signature attestation in the Form T3 itself below the signature of the claimant. In case the claimant is a minor, the signature of the guardian (as per the bank account of the minor or the joint account of the minor with the guardian) shall be attested
- b) Individual affidavits to be given **each** legal heir as per Annexure-III
- c) (i) Where transmission value at the PAN-level is more than ₹5 lakh, but less than ₹10 lakhs, any one of the documents mentioned below

Notarised copy of Registered Will along with a Notarized indemnity bond from the claimant (appropriate beneficiary of the will) to whom the securities are to be transmitted, as per the format specified.

OR

Legal Heirship Certificate or its equivalent, along with:

- (i) a Notarized indemnity bond from the legal heir(s) / claimant(s) to whom the securities are to be transmitted, as per the format specified provided and
- (ii) No Objection Certificate from all the non-claimants (i.e., remaining legal heirs), duly attested by a Notary Public, JFMC or by a Gazetted Officer as per the format specified
- (ii) Where transmission value at the PAN-level is more than ₹10 lakhs, any one of the documents mentioned below

Notarised copy of Probated Will; OR

Succession Certificate issued by a competent court, **OR**

Letter of Administration or court decree, in case of Intestate Succession

d) Identity proof (e.g., copy of PAN card, redacted Aadhaar card, passport) of all legal heirs signing the NOC/affidavit other than claimant/s (i.e., legal heirs other than the claimant mentioned in Probate or Letters of Administration or Succession Certificate).

#### **5. Change of Karta upon death of the Karta of Hindu Undivided Family (HUF)**

If the case of a HUF, the property of the HUF is managed by the Karta and the HUF does not come to an end in the event of death of the Karta. In such a case, the members of the HUF will need to appoint a new Karta, who needs to submit following documents for transmission:

- i Request Form (Form T4) for change of Karta upon demise of the registered Karta.
- ii Death Certificate of the deceased Karta in original OR photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original.
- iii Bank's letter certifying that the signature and details of the new Karta have been updated in the bank account of the HUF & attesting the signature of the new Karta as per Annexure-1(b)
- iv KYC acknowledgment OR KYC form of the new Karta and the HUF, if not KYC-compliant. Transmission will be completed only after the KYC status is updated as "KYC complied".
- v Indemnity Bond as per Annexure V signed by all surviving coparceners (including the new Karta).
- vi Any appropriate document evidencing relationship of the new Karta and the other coparceners with the deceased Karta.

Additional documentation required:

ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid OVD as per PMLA guidelines] of the deceased Karta attested by the new Karta, duly notarized or originals to be shown at the AMC branches.

If the transmission amount is for more than ₹ 5 lakh, the signature of the new Karta shall be attested by a Notary Public or a JMFC in the space provided for signature attestation in the TRF itself below the signature of the claimant.

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

- i. Transmission Request Form (Form T5) for Transmission of Units to the Claimant.
- ii. Death certificate of the deceased Karta in original OR photocopy thereof attested by a notary public/gazette officer in original copy of birth certificate.
- iii. Self-attested copy of PAN Card of the claimant(s) / guardian (in case the claimant is a minor).
- iv. KYC acknowledgment or KYC form of the claimant(s) /guardian (in case the claimant is a minor). Transmission will be completed only after the status of the KYC is updated as "KYC complied".
- v. Cancelled cheque with the claimant's name pre-printed thereon OR copy of the claimant's recent bank statement/passbook which is not more than 3 months old.
- vi. If the transmission amount is upto ₹ 5 lakh, attestation of the signature of the claimant by bank manager as per Annexure-I(a). In case the claimant is a minor, the signature of the guardian (as per the minor's bank account / minors joint account with the guardian) shall be attested.

If the transmission amount is for more than ₹ 5 lakh, the signature of the claimant shall be attested by a

Notary Public or a JMFC in the space provided for signature attestation in the TRF itself below the signature of the claimant.

- vii. Bond of Indemnity to be furnished by the Claimant as per Annexure-VI
- viii. If the HUF has been dissolved/partitioned by the surviving members after demise of the Karta, the transmission of units shall be processed on the basis of any of the following documents:
  - a) Notarized copy of Settlement Deed, OR
  - b) Notarized copy of Deed of Partition, OR
  - c) Notarized copy of Decree of the relevant competent Court.

**Additional documentation required:**

ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid OVD as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and Original Seen & Verified stamp attested by them.

- AlphaGrep Investment Management Private Limited will not accept any “Transmission-cum-Redemption” requests. The request for redemption of Units will be accepted only after processing the request for transmission of Units with proper documentation.
- The AMC will implement image-based processing wherever the claimant is a nominee or a joint holder in the investor folio.
- The AMC will have a dedicated, Central Help Desk and a webpage carrying relevant information and instructions in order to provide assistance on the transmission process.
- The AMC will adopt a common Transmission Request Form and NOC form. All such forms and formats will be made available on the website of the AMC, RTA and AMFI.
- The AMC will implement a uniform process for treatment of unclaimed funds to be transferred to the claimant including the unclaimed IDCW.
- The AMC will not accept requests for redemption from a claimant pending completion of the transmission of units in his /her favour.
- The Stamp duty payable by the claimant with respect to the indemnity bond and affidavit, will be in accordance with the stamp duty prescribed by law.
- For list of documents required for transmission of units, investors are required to refer website of the Fund [www.alphagrepmf.ai](http://www.alphagrepmf.ai)

**2. ACTION TO BE TAKEN IN CASES WHERE DISTRIBUTOR(S) IS FOUND TO BE A JOINT HOLDER IN MULTIPLE FOLIOS OF UNRELATED 1<sup>st</sup> HOLDER**

The AMC shall ensure that its RTA’s systems and process have built-in checks to detect cases upfront where mutual fund distributor’s names have been added as 2<sup>nd</sup> or 3<sup>rd</sup> holders, without the knowledge of or consent of the concerned unit holder, by matching the PAN of the said distributor as per AMFI ARN/EUIN database and verification of other holders’ details to ascertain whether the distributor is a joint holder in the folio.

In case it is found that the name of the distributor has been indicated as a holder in an unauthorized manner, the below steps shall be followed by the AMC:

- (a) AMC shall take up the matter with the concerned distributor on an urgent basis and seek a written explanation as to why his/her name has been added as the 2nd /3rd holder in such folios.
- (b) The distributor shall also be advised to obtain a written confirmation from the 1st holder (excluding in cases where the 1st holder is a relative, whether the name of the distributor has been added in the folio/s with his/her knowledge and consent and submit the same to the respective RTAs. The RTAs shall keep track of such cases and verify / validate the signature of the 1st holder on the declaration carefully.
- (c) If the 1st holder confirms in writing that he/she had not consented to adding the distributor's name in the folio as a joint holder, and wants the distributor's name to be deleted from the folio, the AMC/ RTA shall act on such requests promptly and delete the distributor's name from the folio under intimation to the 1st holder as well as the distributor.
- (d) Unless steps specified in (a), (b) and (c) have not been completed, transactions such as redemption/ change in bank mandate/transmission in such folios will be subject to enhanced due diligence to determine the genuine nature of such transaction requests.
- (e) Redemptions shall only be by way of written confirmations, with the signature in such confirmation being verified with the signature registered in the folio. No oral / email confirmation should be accepted since these alerts shall be validated, to avoid any fraudulent cases where the distributor may have added his/her name as a joint holder unauthorizedly and there could be a possibility that the email and the mobile number in such folios does not belong to the 1st holder.

Further, for such folios, the RTA shall mark the folio with a temporary 'STOP/lock' (not freeze), so that transactions in these folios are subject to enhanced scrutiny and due diligence. AMC/RTA shall re-verify the registered bank account in respect of the folios by scrutinising the cancelled cheque (where applicable) afresh to ascertain whether the distributor is a joint holder in the bank account and also re-validate the bank account via penny drop / IMPS transaction afresh, using PAN-based validation, so as to confirm that the registered bank account belongs to the 1st holder only and whether the distributor is a joint holder in the bank account. If the distributor is found to be the joint holder in the registered bank account as well, it implies / will be deemed that the name of the distributor has been added in the folio/s with the knowledge and consent of the first holder, and no action need to be taken in respect such folios.

Further, with respect to the action to be taken by the AMC against the errant distributor(s):

- (a) trail commission of the distributor to be withheld.
- (b) AMC may dis-empanel the distributor and report the matter to AMFI with complete details including recommendation for suspension/termination of the distributor's AMFI registration with reasons/justification.

### **3. DURATION OF THE SCHEME**

#### **I. In case of close ended schemes:**

- Close-ended schemes shall stand finally terminated on maturity date and the outstanding units of the unitholders shall be repurchased, to ensure full redemption at the end of the maturity period.
- Besides receiving the repurchase proceeds based on the repurchase price, no further benefit of any kind either by way of increase in repurchase value or by way of income for any subsequent period shall accrue. However, the fund reserves the right to extend the scheme beyond its redemption date, with the prior approval of SEBI and in accordance with the Regulations. In such an event, the unitholder shall be given an option to either sell back the units to the fund or to continue in the scheme. The fund can also give the unitholder an option to switch the repurchase proceeds into any other eligible scheme of the mutual fund launched or in operation at that time.

- The extension of the period of the scheme beyond final redemption date/s or rollover of the scheme shall be in accordance with the Regulations.
- Mutual Fund may convert the scheme into an open-ended scheme, subject to approval from SEBI, in accordance with the Regulations.

II. In case of open-ended schemes, the duration of the Scheme is perpetual, unless wound up in accordance with the Regulations.

### **Winding up**

A close-ended scheme shall be wound up on the expiry of duration fixed in the scheme on the redemption of units, unless it is rolled over for a further period as permitted under the Regulations.

Schemes other than those specified above, in terms of the Regulations, the Scheme may be wound up after repaying the amount due to the Unit holders:

- a. on the happening of any event which, in the opinion of the Trustee, requires the Scheme to be wound up; or
- b. If seventy five percent of the Unit holders of the Scheme pass a resolution that the Scheme be wound up; or
- c. If SEBI directs the Scheme to be wound up in the interest of the Unit holders.

Where a Scheme is to be wound up pursuant to the above SEBI Regulations, the Trustee shall give notice within one day, disclosing the circumstances leading to the winding up of the scheme:

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

Provided that where a scheme is to be wound up under as per a. above, the Trustee Company will obtain consent of the unit holders participating in the voting by simple majority on the basis of one vote per unit and publish the results of voting within 45 calendar days from the publication of notice.

Provided further that in case the Trustee Company fails to obtain the required consent of the unitholders, the scheme shall be reopened for business activities from the second business day after publication of results of the voting.

### **Effect of Winding Up**

On and from the date of the publication of the notice as stated above, the Trustee Company or the AMC as the case maybe, shall:

- cease to carry on any business activities in respect of the Scheme so wound up;
- cease to create or cancel Units in the Scheme;
- cease to issue or redeem Units in the Scheme; and
- list the units of the Scheme under winding up on a recognized Stock Exchange.

### **Procedure and Manner of Winding up**

In the event of the Scheme being wound up (other than in case of maturity), the AMC shall proceed as

follows:

- (i) The Trustee Company shall call a meeting of the Unit holders of the Scheme to consider and pass necessary resolutions by simple majority of Unit holders present and voting at the meeting for authorising the AMC or any other person / agency to take the steps for winding up of the Scheme. Provided that a meeting of the unitholders shall not be necessary if the scheme is wound up at the end of maturity period of the scheme.
  - The Trustee Company or the person authorised as above, shall dispose the assets of the Scheme concerned in the best interests of the Unit holders of the Scheme.
  - The proceeds of the sale made in pursuance of the above, shall in the first instance be utilised towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unit holders in proportion to their respective interests in the assets of the Scheme as on the date when the decision for the winding up was taken. The costs related to custodian fees, audit fees and investor communication are unavoidable till the schemes are wound-up and therefore the said costs can be considered as winding up costs for terminating a fund or a scheme; and investment and advisory fees and distribution commission shall not be considered as winding up costs for terminating the Mutual Fund or a Scheme.
- (ii) On the completion of the winding up, the Trustee shall forward to SEBI and the Unit holders, a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the Unit holders and a certificate from the Auditors of the Mutual Fund.
- (iii) Notwithstanding anything contained herein, the application of the provisions of the MF Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until the winding up is completed or the Scheme ceases to exist.
- (iv) After the receipt of report referred to the above under if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

Pursuant to Para 8.2 of the Master Circular, units of Mutual Fund schemes which are in the process of winding-up in terms of Regulation 36 of MF Regulations shall be listed on recognized stock exchange, subject to compliance with listing formalities as stipulated by the stock exchange. Further, pursuant to listing, trading on stock exchange mechanism will not be mandatory for investors, but an optional channel to exit such schemes.

### **Right to Limit Redemptions**

Subject to the approval of the Board of Directors of AlphaGrep Investment Management and the Trustee Company and also subject to necessary communication of the same to SEBI, the redemption of / switch-out of Units of Scheme(s) of the Fund, may be temporarily suspended/ restricted under the following circumstances that leads to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets subject to requirements specified by SEBI:

**a) Liquidity issues** - When markets at large become illiquid affecting almost all securities rather than any issuer specific security. The liquidity issue arising from the market shall be dealt with in line with the internal liquidity management practices of the AMC. It is clarified that redemption due to illiquidity of any specific security in the portfolio of a scheme of the Mutual Fund, due to a poor investment decision, will not be allowed.

**b) Market failures, exchange closures** - When markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related

to political, economic, military, monetary or other emergencies.

**c) Operational issues** - When exceptional circumstances are caused by *force majeure*, unpredictable operational problems and technical failures (e.g. a black out). The AMC shall consider cases only if they are reasonably unpredictable and occur in spite of appropriate diligence of third parties, adequate effective disaster recovery procedures and systems.

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

(i) No redemption requests upto Rs. 2 lakh shall be subject to such restriction and

(ii) Where redemption requests are above Rs. 2 lakh, AMC shall redeem the first Rs. 2 lakh without such restriction and remaining part over and above Rs. 2 lakh shall be subject to such restriction.

The AMC / Trustee Company reserves the right to change / modify the provisions of right to limit Redemption / switch-out of units of the Scheme(s) pursuant to direction/ approval of SEBI.

#### **CLOSURE OF UNITHOLDERS ACCOUNT**

Investors may note that the AMC at its sole discretion may close a Unit holder's account under the scheme after giving notice of 30 days, if at the time of any part Redemption, the value of balance Units (represented by the Units in the Unit holder's account if such Redemption / Switch were to take place, valued at the applicable Redemption Price), falls below the minimum balance of Rs. 500/- (or such other amount as the AMC may decide from time to time) or where the Units are held by a Unit holder in breach of any Regulation.

#### **SUSPENSION OF SALE /SWITCHING OPTION OF UNITS**

The Mutual Fund at its sole discretion reserves the right to withdraw Sale and/ or Switching of the Units in the Scheme (including any one Plan of the Scheme) temporarily or indefinitely when any of the following conditions exist. However, the suspension of Sale/ Switching of Units either temporarily or indefinitely will be with the approval of the Board of Directors of the AMC and the Trustee.

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

The AMC reserves the right in its sole discretion to withdraw the facility of Sale and Switching option of

Units into and out of the Scheme [including any one Plan/Option of the Scheme], temporarily or indefinitely, if AMC views that changing the size of the corpus further may prove detrimental to the existing Unit holders of the Scheme.

### **E-MAIL COMMUNICATION**

Should the Unit holder experience any difficulty in accessing in the electronically delivered documents, the unit holder shall promptly inform the same to the Mutual Fund. It is deemed that the Unit holder is aware of all security risks including possible third-party interception of the documents and contents of the documents becoming known to third parties.

### **Suspicious Transaction Reporting**

If after due diligence, the AMC believes that the transaction is suspicious in nature as regards money laundering, the AMC shall report any suspicious transactions to competent authorities under the PMLA and rules / guidelines issued thereunder by legal authorities, furnish any such information in connection therewith to such authorities and take any other actions as may be required for the purposes of fulfilling its obligations under the PMLA without obtaining the prior approval of the Unit Holder / a person making the payment on behalf of the Unit holder. Further, the factual question of whether a particular transaction is suspicious or not would depend on the background, details of the transactions and other related facts and circumstances.

Further, the AMC shall ensure that it observes and adheres to the Minimum Standard Recommendations on Anti-Money Laundering, Combating Financing of Terrorism and KYC Policy issued by AMFI, from time to time.

### **Litigations**

The AlphaGrep Investment Management shall have the right to freeze/lock/restrict the folio(s) of investor(s)/Unitholder(s) for further transactions or reject any applications including for subscription, redemption of units or transmission of units pursuant to receipt of instructions/ directions/orders issued by any Governmental, judicial, quasi-judicial, regulatory or other similar authority (“Authority”), including orders restricting the investor(s)/Unitholder(s) from dealing in securities or for attachment of units held by the investor(s)/Unitholder(s). Additionally, the AlphaGrep Investment Management shall be entitled to freeze/lock/restrict the folio(s) of investor(s)/Unitholder(s) for further transactions or reject any applications including for subscription, redemption of units or transmission of units at its sole and absolute discretion upon the AlphaGrep Investment Management becoming aware of initiation of any investigation/action/litigation relating to the investments or transactions of the Unitholder by any Authority, upon receipt of any complaints (including fraud or forgery), or upon commencement of any disputes /litigations among unitholders/nominees/legal heir/ other claimants to the units relating to the investments or transactions of the Unitholder, including disputes/litigations where AlphaGrep Investment Management or AlphaGrep Mutual Fund or AlphaGrep Mutual Fund Trustee Private Limited has been impleaded as a party or is a necessary party. On receipt of contrary instructions for any applications and/or transactions from investor(s)/Unitholder(s) in a folio, AlphaGrep Investment Management shall have the right to freeze/lock/restrict the folio(s) of investor(s)/Unitholder(s) including rejecting any application and/or transaction at its discretion. The freeze/lock/rejection/restriction so imposed by the AlphaGrep Investment Management as hereinabove mentioned may continue till receipt of a specific written instruction/direction/order from such Authority or NOC from all concerned Parties or such other documents as may be deemed necessary by the AMC authorizing the removal of such freeze/lock/rejection/restriction and/ or completion of the investigation by AlphaGrep Investment Management as the case may be. It is hereby clarified that the AlphaGrep Investment Management/AlphaGrep Mutual Fund/AlphaGrep Mutual Fund Trustee Private Limited shall not be liable for any loss or damage suffered by Unitholder, either directly or indirectly, on account of such freeze/lock/rejection/restriction as the case may be.

## **Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005**

The Ministry of Finance has issued an order dated January 30, 2023, detailing the procedure for implementation of Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (“WMD Act”). The WMD Act seeks to prohibit unlawful manufacture, transport, or transfer of WMD (chemical, biological and nuclear weapons) and their means of delivery. Under the amendments of 2022, the scope of the WMD Act has been enhanced to include the financing of such banned activity.

Pursuant to the order dated January 30, 2023, SEBI has issued a circular dated April 26, 2023, providing directions to SEBI registered intermediaries, restricting onboarding and freezing assets of any investor which is:

- a) owned or controlled, wholly or jointly, directly or indirectly, by such person; or
- b) held by or on behalf of, or at the direction of, such person; or
- c) derived or generated from the funds or other assets owned or controlled, directly or indirectly, by such person.

### **The Digital Personal Data Protection Act, 2023**

The Digital Personal Data Protection Act, 2023 has been notified on August 11, 2023, and seeks to protect personal data of an individual. The Mutual Fund including its service providers shall be subject to the norms specified in the said Act, including but not limited to seeking consent, purpose for seeking such personal data, roles and responsibilities of data fiduciary and data processor etc. The individuals (referred to as data principal) have been granted inter alia following rights:

- a. Right to receive information on summary of personal data being processed and various processing activities being undertaken;
- b. Identifying all data fiduciary and data processor with whom person data shall be shared;
- c. Right to correction and erasure of personal data;
- d. Right of grievance redressal; and
- e. Right to nominate

Various rules providing operational clarity including setting up of Data Protection Board of India shall be notified shortly.

## **C: General Information**

### **1. Inter-Scheme Transfer of Investments**

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

- a. such transfers are done at the prevailing market price for quoted instruments on spot basis.  
*Explanation: “spot basis” shall have same meaning as specified by stock exchange for spot transactions.*
- b. the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

### **2. Aggregate investment in the scheme under the following categories:**

In accordance with Paragraph 6.8 of the Master Circular, the aggregate investment in the respective schemes by Board of Directors of AMC and key personnel needs to be disclosed. Since the AMC is yet to start the operation, the below disclosure to be read as ‘Not Applicable’.

Schemes Name	Aggregate amount invested in the scheme as on March 31, 2026 (market value in Rs.)		
	AMC's Board of Directors	Key personnel (excluding Fund Manager)	Fund Manager
Not Applicable			

### 3. Dematerialisation and Rematerialisation procedures

#### 1) Process to apply for / get allotment of units in Demat mode:

The Applicants intending to hold units in Demat mode would be required to have a beneficiary account with a Depository Participant of the NSDL/CDSL and mention in the application form DP's Name, DP ID No. and Beneficiary Account No. with the DP at the time of purchasing Units during the NFO or the ongoing offer period. The Units allotted will be credited to the DP account of the investor as per the details provided in the application form. The statement of holding of the beneficiary account holder for units held in Demat mode would be sent by the respective DPs periodically.

It may be noted for listed scheme, trading and settlement in the units of the scheme over the stock exchange(s) (where the units are listed/ will be listed) will be permitted only in electronic form.

- Mode of holding shall be clearly specified in the Application Form.
- If the demat details mentioned in the application are incomplete/incorrect or not matched with the Depository data, the AMC reserves the right to allot units in Non Demat mode, subject to the application being valid in all respect.
- Upon allotment, units are credited to investor's valid demat account within 3 working days.
- Units held in dematerialized mode are freely transferable except units of schemes during lock-in period.
- Investors may kindly note that, no statement of account will be generated by the Registrar & Transfer Agent once the unit is converted to demat. Post conversion Investment details can be viewed in the Consolidated Account Statement (CAS) that investor receives from depository.

#### 2) Process to convert units held in Physical form i.e. Statement of Account mode to Demat mode:

Investors holding units of Mutual Fund schemes in physical form, may convert them easily in demat form through Depository Participants (DP). The procedure for converting Mutual Fund units held in Physical form into demat form is as below: -

- Obtain Conversion Request Form (CRF) from your DP.
- Fill-up the CRF and sign it (as per the signature available in the application). In case of joint holders, all holders should sign the form.
- The holding pattern in DP (as per Client master list) should match with the holding pattern of the folio where units are held in physical form.
- Submit the CRF along-with the Statement of Account to your DP.
- After due verification, the DP would send the CRF to Registrar and Transfer Agent (RTA).
- Post verification, the RTA will confirm the conversion request raised by the DP and the Mutual Fund units will be credited in your demat account.

### **c. Process to convert the units held in Demat mode to Physical form i.e. Statement of Account**

Re-materialisation is the process of converting units from demat mode to physical mode i.e., Statement of Account mode. To re-materialise Mutual Fund units, submit the following documents as mentioned below:

- Investors need to approach their respective DP and submit the duly filled and signed Remat Request Form for each ISIN, fund, or folio.
- Upon verification of such request, the DP shall forward these documents to the respective RTA for further processing.
- Post verification, the RTA will confirm the status of conversion request executed by DP and the Mutual Fund units are extinguished from the Investor's demat account. These Demat units are then converted into Physical (i.e., Statement of Account).

### **d. Process to Redeem Mutual Fund units held in demat form**

- Unitholders of Mutual Fund units held in demat form can redeem the units through Depository or stockbroker through exchange platforms i.e. BSE (BSE STAR MF Platform) and NSE (Mutual Fund Service System (MFSS)).
- The Investor would be required to submit all requisite information/documents as requested, by the Depository or stockbroker.
- After receipt of such redemption request from the respective source, AMC/RTA will process the redemption request post due validations.
- If investor wishes to place redemption through Mutual Fund, demat units must be converted to physical form (following the Demat to Remat process). Post conversion investor may place redemption request with AMC.

### **e. Switch-transactions for the units are held in Demat:**

Switch transactions for units held in demat are processed through exchange/clearing corporation. The mechanism is same equivalent to redemption and subscription. Post processing of switch-out (redemption), switch-in (subscription) is processed and equivalent units are settled to clearing house for on-ward credit to the investor's DP account.

### **f. Procedure for change in investor's profile / bank account details etc. in respect of units held in demat mode.**

For any modifications of bank account, address, contact details etc in the demat holdings, the investor needs to submit these details to the respective Depository Participant (DP) for updation in demat account. DP follows prescribed guidelines for such profile modifications as formulated by respective Depositories (NSDL/CDSL) in their operating manual.

The Trustee Company / AMC reserves the right to change the dematerialization / rematerialization process in accordance with the procedural requirements laid down by the Depositories, viz. NSDL/ CDSL and/or in accordance with the provisions laid under the Depositories Act, 1996. All units will rank pari passu among units within the same option in the scheme concerned as to assets, earnings and the receipt of IDCW distributions, if any, as may be declared by the Trustee Company.

## **4. ASBA related disclosures**

Please refer to details regarding ASBA provided under Point No. H of Section titled "How to Apply" of SAI.

## 5. Portfolio Turnover Details

Portfolio Turnover is a term used to measure the volume of trading that occurs in a scheme's portfolio during a given time period. Portfolio Turnover is an outcome of the systematic investment process and may vary depending on signal changes, market conditions, and investor flows. As an open-ended scheme, subscriptions and redemptions may contribute to trading activity. The investment framework seeks to balance responsiveness to new information with transaction cost efficiency. Trading decisions are optimized to ensure that turnover contributes positively to overall portfolio performance after accounting for associated costs.

### D: Associate Transactions

Since this is the first scheme to be launched by AlphaGrep Mutual Fund, the disclosures under this section are not applicable.

There is no separate investment policy of the company for investing in group companies of the sponsor and thus investments shall be made in accordance with applicable regulations.

The AMC, on behalf of the Fund, may utilise the services of Sponsors, group companies and any other subsidiary or associate company of the Sponsors, in case such a company (including their employees or relatives) is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arms-length basis and at a mutually agreed terms and conditions to the extent and limits permitted under the SEBI Regulations. Appropriate disclosures, wherever required, shall be made by the AMC.

### E: Documents Available for Inspection

The following documents will be available for inspection at the office of the Mutual Fund at Unit No. 1408, 14th Floor, Parinee Crescenzo, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051 during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Consent of Legal Advisors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 2026 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

## **F: Investor Grievances Redressal Mechanism**

### **1. Redressal through AMC:**

Investors can reach out through the following methods:

- Email: Send an email to [clientservices@alphagrepmf.ai](mailto:clientservices@alphagrepmf.ai)
- Contact Centre: Toll Free no.: 1800-569-8900 (Monday to Friday 9:00 am to 6:00 pm)

In case, query remains unresolved, please contact:

- Investor Relations Officer (IRO): Ms. Vasudha Shah at [IRO@alphagrepmf.ai](mailto:IRO@alphagrepmf.ai)
- Chief Compliance Officer: Ms. Nikita Torika at [mfcompliance@alphagrepmf.ai](mailto:mfcompliance@alphagrepmf.ai)

### **2. Redressal through SCORES: If complaint is not redressed satisfactorily, SEBI (Securities and Exchange Board of India) via the SEBI Complaints Redress System (SCORES) can be approached:**

- Website Link: SCORES - <https://scores.sebi.gov.in/scores-home>
- SEBI SCORES Mobile App on Google Play or App store.  
**Google Play store** - <https://play.google.com/store/apps/details?id=com.sebi&pli=1>  
**App store** - <https://apps.apple.com/us/app/sebiscores/id6478849917>
- Raise a complaint through the SEBI Toll-Free Helpline: 1800-22-7575 / 1800- 266-7575

### **3. Redressal through ODR:**

If not satisfied with the resolution of complaint through AlphaGrep Mutual Fund or the SEBI SCORES platform, complaint can be lodged on the Online Dispute Resolution (ODR) portal at <https://smartodr.in/login>.

### **Investor Complaints:**

Given below is the status of Investor Complaints of the existing schemes classified in accordance with AMFI “Guidelines on Standardization of Complaints/Grievances Reporting Procedure”.

Complaints Redressal Statistics: Not Applicable

## **G: Information pertaining to Investments by the schemes of the Fund**

### **Derivative Strategies**

Investments in Derivatives shall be in accordance with the guidelines as stated under Para 8.5, 8.6, 13.15 of the Master Circular, as may be amended from time to time.

### **Investment in Derivatives**

As part of the Fund Management process, the schemes may use derivative instruments such as index futures and options, stock futures, options contracts, and any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with the investment objectives of the schemes.

## Equity Derivatives

The schemes may use various equity derivatives from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance unitholder's interest. Accordingly, the schemes may use derivative instruments like futures & options stock indices, future & options on individual securities or such other derivative instruments as may be introduced from time to time as permitted under the SEBI (Mutual Funds) Regulations, 2026.

## Exposure and Leverage Framework

The cumulative gross exposure through equity, debt, derivatives, repo transactions and such other securities/instruments as may be permitted by SEBI from time to time shall not exceed 100% of the net assets of the Schemes. The Mutual Fund framework does not permit leverage. Derivatives may not be used to create structural or economic leverage beyond NAV. Positions that meet SEBI's hedging definition may be excluded from gross exposure. Exposure in cash or cash equivalents with residual maturity of less than 91 days Unhedged short exposures shall be permitted only through exchange-traded derivatives, capped at 25% of net assets and short selling in the cash market is not permitted.

## Exposure computation methodology:

Futures (long and short) = Futures Price \* Lot Size \* Number of Contracts

Options bought = Option premium paid \* Lot size \* Number of contracts

Options sold = Market price of the underlying \* Lot size \* Number of contracts

In case of any other derivative exposure, the exposure shall be calculated as the notional market value of the contract.

The total exposure at any point of time shall be the sum of exposure through instruments in both the cash market and derivatives market.

Offsetting of exposure at the portfolio level shall be allowed for:

- Cash and derivative positions on the same underlying security
- Between derivative positions on the same underlying security

Offsetting of transactions (illustrative list):

Sr. No.	Position 1	Position 2	Offsetting allowed/ not?	Net exposure to be considered
1)	Equity long	Futures short	Yes	Equity long only
2)	Equity / Futures long	Call option short	Yes	Equity/ futures long only
3)	Equity / Futures long	Put option long	Yes	Equity/ futures long only
4)	Futures short	Call option long	Yes	Futures short only
5)	Futures short	Put option short	Yes	Futures short only

6)	Call option Long	Call option Short	Yes	Call option Short only
7)	Put option long	Put option short	Yes	Put option short only
8)	Equity long	Futures long	No	Equity long + futures long
9)	Equity / futures long	Call option long	No	Equity /Futures Long + Call option Long
10)	Equity / futures long	Put option short	No	Equity /Futures Long + Put option Short
11)	Futures Short	Call option short	No	Futures short + Call option short
12)	Futures Short	Put option Long	No	Futures short + Put option Long
13)	Call option Long	Put option Short	No	Call option Long + Put option Short
14)	Call option short	Put option long	No	Call option short + put option long

#### Illustration of some derivative transactions

i) **Stock/Index Futures:** Investment in Stock / Index Futures can give exposure to the stock/index without directly buying the individual stocks. Appreciation in the index / stocks can be effectively captured through investment in stock / index futures. The scheme can sell futures to hedge against market movements effectively without actually selling the stocks it holds.

#### *Illustration*

Spot Index: 2070

1-month Nifty 50 Future price on day 1: 2075. The scheme buys 100 lots.

Each lot has a nominal value equivalent to 200 units of the underlying index.

Situation 1:

Let us say that on the date of settlement, the future price = closing spot price = 2085

Profits for the scheme =  $(2085-2075) * 100 \text{ lots} * 200 = \text{Rs. } 200,000$

Situation 2:

Let us say that on the date of settlement, the future price = Closing spot price = 2065

Loss for the Fund =  $(2065-2075) * 100 \text{ lots} * 200 = (\text{Rs. } 200,000)$

Please note that the above example is given for illustration purposes only. The net impact for the scheme will be in terms of the difference between the closing price of the index and cost price (ignoring margins and transaction costs for the sake of simplicity).

## **Basic Structure of a Stock & Index Future**

The Stock Index futures are instruments designed to give exposure to the equity markets indices. BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) provide futures in select stocks and indices with various maturity buckets. The pricing of a stock/index future is the function of the underlying stock/index and short-term interest rates.

### *Buying Options*

Benefits of buying a call option: Buying a call option on a stock or index gives the owner the right, but not the obligation, to buy the underlying stock or index at the designated strike price on or before the designated expiry date. This means the downside risks are limited to the premium paid to purchase the option.

### *Illustration*

For example, if the scheme buys a one-month call option on A Ltd at a strike of Rs. 250, the current market price being say Rs.251. The scheme will have to pay a premium of say Rs. 15 to buy this call. If the stock goes above Rs. 250, the scheme can exercise its right on or before the expiry and own ABC Ltd. at a cost price of Rs. 250, thereby participating in the upside of the stock. In case the stock price goes down below Rs. 250 during the tenure of the call, the scheme is protected from the downside since it does not directly own the stock. The scheme gives up the premium of Rs. 15 that has to be paid in order to protect the fund from this probable downside.

Benefits of buying a put option: Buying a put option on a stock originally held by the buyer gives him/her the right, but not the obligation, to sell the underlying stock at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

### *Illustration*

For example, if the scheme buys a one-month put option on A Ltd at a strike of Rs. 250, the current market price being say Rs.251. The scheme will have to pay a premium of say Rs. 15 to buy this put. If the stock price goes below Rs. 250 during the tenure of the put, the scheme can exercise its right and sell A Ltd at a cost price of Rs. 250, thereby limiting the downside on the stock below Rs. 250. The fund gives up the fixed premium of Rs. 12 that has to be paid in order to protect the fund from this probable downside. In case the stock price goes above Rs. 250, say to Rs. 270, the scheme will not exercise its option. The scheme will participate in the upside of the stock, since it can now sell the stock at the prevailing market price of Rs. 270.

## **Basic Structure of an Option**

An option gives a buyer the right but does not cast the obligation to buy or sell the underlying. An option is a contract between two parties wherein the buyer receives a privilege for which he pays a fee (premium), and the seller accepts an obligation for which he receives a fee. The premium is the price negotiated and set when the option is bought or sold. A person who buys an option is said to be long in the option. A person who sells (or writes) an option is said to be short in the option.

## **Option Contracts (Stock and Index)**

In the global financial markets, particularly securities markets, options have been, for quite many years, a means of conveying rights from one party to another at a specified price on or before a specific date, at a cost, which is called Premium. The underlying instrument can be an individual stock or a stock index such as the BSE Sensex (such options being referred to as index options). Options are used widely the world over to manage risk and generate income. options may be preferred over futures as they provide asymmetric pay offs.

There are broadly two kinds of Options trade viz. Long & Short.

A Long Call is buying a Call option to purchase the stock at a later date at a fixed price called the strike price.

A Long Put on the other hand is buying Put option i.e. an option to sell the stock at a later date at the strike price.

Similarly, A Short Call is selling a Call option which is also called writing a Call option by which the option writer has an obligation to sell the stock to the call buyer at the strike price.

A Short Put is to sell or write a Put option i.e. an obligation to buy the stock from the Put buyer at the strike price. The specified price at which the shares are contracted to be purchased or sold is called the strike price.

Options that can be exercised on or before the expiration date are called American Options, while those that can be exercised only on the expiration date are called European Options. Option contracts are designated by the type of option, name of the underlying, expiry month and the strike price.

### **Writing of Covered Call Options by Mutual Fund scheme:**

- a. Mutual Fund scheme may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:
- b. The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme.
- c. The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.
- d. At all points of time the Mutual Fund scheme shall comply with the provisions at paragraph (a) and (b) above. In case of any passive breach of the requirement at paragraph (a), the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme.
- e. In case a Mutual Fund scheme needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with paragraphs (a) and (b) above while selling the securities.

- f. In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts.
- g. The premium received shall be within the requirements prescribed in terms of paragraph 13.18.3 of the Master Circular, i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the scheme.
- h. The exposure on account of the call option written under the covered call strategy shall not be considered as exposure in terms of paragraph 13.18.1 of the Master Circular.
- i. The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the scheme until the position is closed or expired.

As and when SEBI notifies amended limits in position limits for exchange traded derivative contracts in future, the aforesaid position limits, to the extent relevant, shall be read as if they were substituted with the SEBI amended limits.

#### **Various Derivatives Strategies:**

If and where Derivative strategies are used under the scheme the AMC may employ a combination of the following strategies:

##### **1. Index Arbitrage:**

Example: Nifty 50 Index.

As the Nifty 50 Index derives its value from fifty underlying stocks, the underlying stocks can be used to create a synthetic index matching the Nifty Index levels. Also, theoretically, the fair value of a stock/ index futures is equal to the spot price plus the cost of carry i.e., the interest rate prevailing for an equivalent credit risk, in this case is the Clearing Corporation of the NSE. Theoretically, therefore, the pricing of Nifty Index futures should be equal to the pricing of the synthetic index created by futures on the underlying stocks. However, due to market imperfections, the index futures may not exactly correspond to the synthetic index futures. The Nifty Index futures normally trade at a discount to the synthetic Index due to large volumes of stock hedging being done using the Nifty Index futures giving rise to arbitrage opportunities. The fund manager shall aim to capture such arbitrage opportunities by taking long positions in the Nifty Index futures and short positions in the synthetic index. The strategy is attractive if this price differential (post all costs) is higher than the investor's cost-of-capital. Objective of the Strategy The objective of the strategy is to lock in the arbitrage gains.

##### **Risks Associated with this Strategy**

- Lack of opportunity available in the market.
- The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices:

Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place

## **2. Cash Futures Arbitrage:** (Only one way as Mutual Funds are not allowed to short in the cash market).

The scheme would look for market opportunities between the spot and the futures market. The cash / futures arbitrage strategy can be employed when the price of the futures exceeds the price of the underlying stock. The scheme will first buy the stocks in the cash market and then sell in the futures market to lock the spread known as arbitrage return. Buying the stock in the cash market and selling the futures results into a hedge where the Plans have locked in a spread and is not affected by the price movement of cash market and futures market. The arbitrage position can be continued till expiry of the future contracts. The future contracts are settled based on the last half an hour's weighted average trade of the cash market. Thus, there is a convergence between the cash market and the futures market on expiry. The strategy is attractive if this price differential (post all costs) is higher than the investors cost-of-capital. Objective of the Strategy is to lock in the arbitrage gains.

Risk Associated with this Strategy

Lack of opportunity available in the market

The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place

## **3. Hedging and alpha strategy:**

The scheme may use exchange-traded derivatives to hedge the equity portfolio. The hedging could be either partial or complete depending upon the fund managers' perception of the markets. The fund manager shall either use index futures and options or stock futures and options to hedge the stocks in the portfolio. The fund may seek to generate alpha by superior stock selection and removing market risks by selling appropriate index. For example, one can seek to generate positive alpha by buying an IT stock and selling Nifty IT Index future or a bank stock and selling Bank Index futures or buying a stock and selling the Nifty Index. Objective of the Strategy The objective of the strategy is to generate alpha by superior stock selection and removing market risks by hedging with an appropriate index.

Risk Associated with this Strategy

- The stock selection under this strategy may under-perform the market and generate a negative alpha.
- The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place.

## **4. Other Derivative Strategies:**

As allowed under the SEBI guidelines on derivatives, the fund manager may employ various other stock and index derivative strategies by buying or selling stock/index futures and/or options. The objective of the strategy is to earn low volatility consistent returns.

Risk Associated with this Strategy

The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices

Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place

## 5. Covered Call Strategy:

A call option gives the holder (buyer) the right but not the obligation to buy an asset by a certain date for a certain price. The covered call is a strategy in which a seller sells a call option on a stock he owns.

Benefits of using Covered Call strategy in Mutual Funds: The covered call strategy can be followed by the Fund Manager in order to hedge risk thereby resulting in better risk adjusted returns of the scheme.

The strategy offers the following benefits:

- Hedge against market risk - Since the fund manager sells a call option on a stock already owned by the Mutual Fund scheme, the downside from fall in the stock price would be lower to the extent of the premium earned from the call option.
- Generating additional returns in the form of option premium in a range bound market. Thus, a covered call strategy involves gains for unit holders in case the strategy plays out in the right direction.
  - Additional risks for writing covered call options for equity shares:
    - 1. Writing call options are highly specialized activities and entail higher than ordinary investment risks. In such investment strategy, the profits from call option writing is capped at the option premium, however the downside depends upon the increase in value of the underlying equity shares.
    - 2. The scheme may write covered call option only in case it has adequate number of underlying equity shares as per regulatory requirement. This would lead to setting aside a portion of investment in underlying equity shares. If covered call options are sold to the maximum extent allowed by regulatory authority, the scheme may not be able to sell the underlying equity shares immediately if the view changes to sell and exit the stock. The covered call options need to be unwound before the stock positions can be liquidated. This may lead to a loss of opportunity or can cause exit issues if the strike price at which the call option contracts have been written become illiquid. Hence, the scheme may not be able to sell the underlying equity shares, which can lead to temporary illiquidity of the underlying equity shares and result in loss of opportunity.
    - 3. The writing of covered call option would lead to loss of opportunity due to appreciation in value of the underlying equity shares. Hence, when the appreciation in equity share price is more than the option premium received the scheme would be at a loss.
    - 4. The total gross exposure related to option premium paid and received must not exceed the regulatory limits of the net assets of the scheme. This may restrict the ability of Scheme to buy any options.

Illustration – Covered Call strategy using stock call options: Suppose a fund manager buys equity stock of ABC Ltd. For Rs. 1000 and simultaneously sells a call option on the same stock at a strike price of Rs. 1100. The scheme earns a premium of say, Rs. 50. Here, the fund manager does not think that the stock price will exceed Rs. 1100.

Scenario 1: Stock price exceeds Rs. 1100

The call option will get exercised, and the fund manager will sell the stock to settle his obligation on

the call at Rs.1100 (earning a return of 10% on the stock purchase price). Also, the scheme has earned a premium of Rs. 50.

Net Gain –

Rs. 1100 (strike price) – Rs. 1000 (stock purchase price) + Rs. 50 (premium earned) = Rs. 150.

Scenario 2: Stock prices stay below Rs. 1100

The call option will not get exercised and will expire worthless. The premium earned on call option will generate alpha for the scheme.

Net Gain – Rs. 50 (premium earned).

### **Fixed Income Derivatives**

#### **Interest Rate Swap (IRS)**

IRS is a widely used derivative product in the financial markets to manage interest rate risk. A typical transaction is a contract to exchange streams of interest rate obligation/income on a notional principal amount with a counter party, usually a bank. The two interest streams are fixed rate on one side and floating rate on the other.

**Example:** Suppose the Fund holds a fixed rate bond of maturity 5 years carrying a fixed interest rate (YTM) of 7.25% p.a. payable half yearly. Such an investment runs the risk of depreciation if interest rates rise. To manage this risk, the Fund can enter into an IRS with another market participant, here the Fund contracts to pay fixed rate, say 6.85% p.a., and receive a floating rate (say overnight MIBOR). This transaction is done for a notional principal amount equal to the value of the investment. By such a contract a fixed rate income is offset by a fixed rate payment obligation leaving only a floating rate income stream. Thus, without actually investing in a floating rate asset, the Fund starts earning a floating rate income, reducing the risk of depreciation associated with the fixed rate investment.

Following table summarises the cash flow streams:

Original investment: 7.25% p.a.

Pay (Fixed rate): 6.85% p.a. (IRS)

Receive (Floating rate): MIBOR

Net Flow: MIBOR + 0.40% p.a. (7.25% p.a. – 6.85 % p.a.)

The floating rate reference is defined in the swap agreement.

The above example illustrates a case of fixed to floating rate swap. A swap could be done to move from floating rate to fixed rate in a similar fashion.

Please note that the above example is hypothetical in nature and the interest rates are assumed. The actual return may vary based on actual and depends on the interest rate prevailing at the time the swap agreement is entered into.

The scheme will be allowed to take exposure in Interest Rate Swaps only on a non-leveraged basis. A swap will be undertaken only if there is an underlying asset in the portfolio.

The scheme may use other derivatives such as interest rate futures, etc, to meet the investment objective of the scheme, whenever such instruments are available in the market.

### **Forward Rate Agreement (FRA)**

An FRA is an off-balance sheet agreement to pay or receive on an agreed future date, the difference between an agreed interest rate and the interest rate actually prevailing on that future date, calculated on an agreed notional principal amount. It is settled against the actual interest rate prevailing at the beginning of the period to which it relates rather than paid as a gross amount. FRAs are purchased to hedge the interest rate risk; an investor facing uncertainty of the interest rate movements can fix the interest costs by purchasing an FRA.

An FRA is referred to by the beginning and end dates of the period covered. Thus, a 5x8 FRA is one that covers a 3-month period beginning in 5-months and ending in 8-months. FRAs are purchased to hedge the interest rate risk; an investor facing uncertainty of the interest rate movements can fix the interest costs by purchasing an FRA.

An illustration could be a corporation having floating rate debt linked to an index such as say, 3-Month MIBOR. If the existing interest cost is at 8% on Rs.100 Crore for the next three months, the corporation can purchase a 3x6 FRA @ 8.1% on Rs.100 Crore and fix the interest cost for the 3-6 months period. If the actual 3-Month MIBOR after 3-months is at 8.25%, the corporation has saved 15 bps in interest cost. As the settlement is done at the beginning of the period, the savings in interest expense are discounted to a present value using a 3-month rate to calculate the actual settlement amount.

The flows for the institution will be, as follows:

Interest Savings = Rs. 100 Crore \* 15 bps \* 92/365

(assuming 92 days in the 3-month FRA period and 365 days in the conventional year) = Rs.3,78,082.19

Settlement Amount = Rs.3,78,082.19/ (1+8.25%\*92/365)

Please note that the above examples are hypothetical in nature and the figures are assumed.

### **Interest Rate Futures**

IRF means a standardized interest rate derivative contract traded on a recognized stock exchange to buy or sell a notional security or any other interest-bearing instrument or an index of such instruments or interest rates at a specified future date, at a price determined at the time of the contract. Hedging using interest rate futures could be perfect or imperfect, subject to applicable regulations. Currently, exchange-traded Interest Rate Futures traded on exchange are standardized contracts based on 10-Year Government of India Security and 91-day Treasury bill. IRF contracts are cash settled. IRFs give an opportunity in the fixed income market to hedge interest rate risk or rebalance the portfolio by using them. By locking into a price, the IRF contract can help to eliminate the interest rate risk. Thus, in order to protect against a fall in the value of the portfolio due to falling bond prices, one can take short position in IRF contracts.

Example:

Date: May 01, 2024

Spot price of the Government Security: Rs.105

Price of IRF – May contract: Rs. 105.5

On May 01, 2024, Fund buys 100 units of the Government security from the spot market at Rs. 105. Subsequently, it is anticipated that the interest rate will rise in the near future. Therefore, to hedge the exposure in underlying Government security, Fund sells May 2024 Interest Rate Futures contracts at Rs. 105.5.

On May 15, 2024, due to increase in interest rate: Spot price of the Government Security: Rs. 104

Price of IRF Contract: Rs.104.2

Loss in underlying market will be  $(105 - 104) * 100 = (\text{Rs. } 100)$

Profit in the Futures market will be  $(105.50 - 104.2) * 100 = \text{Rs. } 130$

**Interest Rate Futures (IRFs) (both perfectly and imperfectly hedged):**

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

$$\frac{\text{Portfolio Modified Duration} * \text{Market Value of Portfolio}}{\text{Futures Modified Duration} * \frac{\text{Futures Price}}{\text{Par Value}}}$$

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:

- a. Exposure to IRFs is created only for hedging the interest rate risk based on the weighted average modified duration of the bond portfolio or part of the portfolio.
- b. The scheme is permitted to resort to imperfect hedging, without it being considered under the gross exposure limits, if and only if, the correlation between the portfolio or part of the portfolio (excluding the hedged portions, if any) and the IRF is at least 0.9 at the time of initiation of hedge. In case of any subsequent deviation from the correlation criteria, the same may be rebalanced within 5 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 Para 3 of SEBI circular dated August 18, 2010. 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:

- i. The correlation for past 90 days between the portfolio and the IRF is at least 0.9 or
  - ii. 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.
- c. The portion of imperfect hedging in excess of 20% of the net assets of the scheme should be considered as creating exposure and shall be included in the computation of gross exposure in terms of Para 3 of SEBI circular dated August 18, 2010.

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

The interest rate hedging of the portfolio will be in the interest of the investors.

## Hedging

Holders of the GOI securities are exposed to the risk of rising interest rates, which in turn results in the reduction in the value of their portfolio. So, in order to protect against a fall in the value of their portfolio due to falling bond prices, they can take short position in IRF contracts.

### Example:

Date: December 01, 2022

Spot price of the Government Security: Rs.108.80

Price of IRF– December contract: Rs. 108.90

On December 01, 2022, Fund buys 10000 units of the Government security from the spot market at Rs. 108.80. Subsequently, it is anticipated that the interest rate will rise in the near future.

Therefore, to hedge the exposure in underlying Government security, Fund sells December 2022

Interest Rate Futures contracts at Rs. 108.90.

On December 15, 2022 due to increase in interest rate:

Spot price of the Government Security: Rs. 107.25

Futures Price of IRF Contract: Rs.107.30

Loss in underlying market will be  $(107.25 - 108.80) * 10000 = (\text{Rs. } 15,500)$

Profit in the Futures market will be  $(107.30 - 108.90) * 10000 = \text{Rs. } 16,000$

### Imperfect Hedge

Assume the portfolio of market value worth INR 1000 crore has a modified duration of 5. This is being hedged with an IRF that has a modified duration of 10. Considering that fund manager chooses to hedge 20% of the portfolio the maximum extent of short position that may be taken in IRF is as below:

$$\begin{aligned} & \frac{\text{Portfolio Modified Duration} * \text{Market Value of Portfolio}}{\text{Futures Modified Duration} * \frac{\text{Futures Price}}{\text{Par Value}}} \\ &= \frac{5 * (0.2 * 1000)}{10 * \left(\frac{101}{100}\right)} \\ &= \text{Rs. } 99.01 \text{ Crores} \end{aligned}$$

Hence the scheme can sell IRFs worth Rs. 99.01 Crores and with duration of 10 to hedge Rs.200 Crores of portfolio with a duration of 5.

### **Limits for investment in derivatives instruments**

In accordance with Para 8.5, 8.6 and 13.15 of the Master Circular, the following conditions shall apply to the scheme's participation in the derivatives market. The investment restrictions applicable to the scheme's participation in the derivatives market will be as prescribed or varied by SEBI or by the Trustees (subject to SEBI requirements) from time to time.

#### **i. Position limit for the Mutual Fund in equity index options contracts**

- The Mutual Fund position limit in all equity index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in equity index option contracts, whichever is higher,
- This limit would be applicable on open positions in all options contracts on a particular underlying index.

#### **ii. Position limit for the Mutual Fund in equity index futures/stock futures contracts:**

- The Mutual Fund position limit in all equity index futures/stock futures contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest in the market in equity index futures/stock futures contracts, whichever is higher.
- This limit would be applicable on open positions in all futures contracts on a particular underlying index.

#### **iii. Additional position limit for hedging**

In addition to the position limits at point (i) and (ii) above, Mutual Fund may take exposure in equity index derivatives subject to the following limits:

a) Overall stock futures short position at portfolio level across multiple securities shall not exceed the maximum of 25% of unhedged short exposure, and short positions in option contracts shall not exceed 20% of the total exposure.

b) Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

#### **iv. Position limit for the Mutual Fund for stock based derivative contracts**

The combined futures and options position limit shall be 20% of applicable MWPL.

The position limits for the scheme and disclosure requirements are as follows—

a. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of the Mutual Fund shall not exceed the higher of:

1% of the free float market capitalisation (in terms of number of shares).

Or

5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

b. This position limit shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.

c. For index-based contracts, the Mutual Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

As and when SEBI notifies amended limits in position limits for exchange traded derivative contracts in future, the aforesaid position limits, to the extent relevant, shall be read as if they were substituted with the SEBI amended limits.

As per para 13.15 of the Master Circular, the limits for exposure towards derivatives are as under:

A. Writing of Options by Mutual Fund Schemes:

- (a) Mutual funds shall not write options or purchase instruments with embedded written options except for the covered call strategy.
- (b) Mutual Funds shall write call options under a covered call strategy as prescribed below:
  - (i) Mutual Fund schemes (except Index Funds and ETFs) may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:
    - (I) The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme. In case of any passive breach, the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme.
    - (II) The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.
    - (III) In case a scheme needs to sell securities on which a call option is written under a covered call strategy, it shall ensure compliance with Paragraphs (I) and (II) above while selling the securities.
    - (IV) In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts.
    - (V) The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the respective scheme(s) until the position is closed or expired.

## **B. Hedging of Interest Rate Risk:**

(a) 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:

$$\frac{(\text{Portfolio Modified Duration} * \text{Market Value of the Portfolio})}{(\text{Futures Modified Duration} * \text{Futures Price} / \text{PAR})}$$

(b) 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.

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

(d) The interest rate hedging of the portfolio shall be in the interest of the investors.

(e) Scheme/s may imperfectly hedge their portfolio or part of their portfolio using IRFs, subject to the following conditions:

- Prior to commencement of imperfect hedging, the existing schemes shall comply with the provisions of Regulation 22 (9)(c) and all unit holders shall be given a time-period of at least 30 calendar 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 in the communication to investors in terms of Regulation 22 (9)(c).

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

(g) In case 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 shall 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.

## **Participation of Mutual Funds in Credit Default Swaps (CDS)**

### **Mutual Fund Schemes as buyer of CDS**

(a) Schemes may buy CDS only for the purpose of hedging their credit risk on debt securities they hold in various schemes. The exposure to CDS shall not exceed respective debt security exposure, and such exposure may not be added to gross exposure of the scheme.

(b) In case the protected debt security is sold, schemes shall ensure that the respective CDS position is closed within fifteen working days of selling the above protected debt security.

- (c) The exposure of any protected debt security, for determining single issuer, group, sectoral limits and credit risk for various purposes including Risk-o-meter and Potential Risk Class (PRC) matrix of MF schemes, shall be considered as exposure to either issuer of debt security (reference entity) or seller of CDS, whichever has higher credit rating (lowest long term rating of instruments of seller of CDS shall be considered for comparison).
- (d) The exposure shall form part of overall single issuer limits for the reference entity or seller of CDS, whichever is applicable.
- (e) In case of same rating for reference entity and seller of CDS, the exposure shall then be considered on reference entity and not on seller of CDS.
- (f) MF schemes shall buy CDS only from such sellers that have instruments with lowest long-term rating of investment grade and above.
- (g) Schemes may buy CDS for investment grade and existing below investment grade debt securities in the portfolio, if any.

### **Mutual Fund Schemes as seller of CDS**

- (a) MF Schemes may sell CDS only as part of investment in synthetic debt securities, i.e., sell CDS on a reference obligation covered with Cash/GSec/T-bills. Overnight and Liquid schemes shall not sell CDS contracts.
- (b) The following shall be ensured with respect to the cover:
  - (i) Cash, G-Sec and T-bills can act as cover. Government securities with maturity within +/- 6 months of the maturity of respective debt security (reference obligation) shall act as cover and such cover may be used for maintaining margin requirements on respective CDS.
  - (ii) The required amount of cover shall be enough to ensure that notional amount does not exceed the value of cover kept, which shall be calculated as follows:
    - (I) Notional amount in CDS sell contract (+)
    - (II) Buffer, for price fluctuations on government securities kept as cover: The buffer shall be calculated to address interest rate risk on government securities. The buffer shall be at least equal to three times the daily haircut applicable for the said G-sec instrument in case of repo transactions on Clearing Corporation of India Limited.
  - (iii) The value of cover kept shall be reviewed on a daily basis.
  - (iv) The cover shall be earmarked to CDS sell position and can be used for maintaining margin requirements on respective CDS. However, investment in aforesaid instruments as cover shall not be considered as part of Liquidity Ratio – Redemption at Risk (LR-RaR) and Liquidity Ratio - Conditional Redemption at Risk (LR-CRaR) eligible instruments and shall not be sold or used for any other purpose till CDS sell position is open.
- (c) The exposure of synthetic debt security (notional amount) shall be considered in respective single issuer, group issuer and sectoral limits. Such exposure to the issuer, group and sector of the issuer shall be equal to the notional amount.
- (d) For the purpose of computing gross exposure of scheme investing in synthetic debt security, the exposure due to such investment shall be computed as follows:
  - (i) Notional amount (+)
  - (ii) Buffer (i.e., cover kept over and above notional amount)
- (e) Schemes shall sell CDS only against securities rated investment grade and above.
- (f) Credit risk rating of the synthetic debt security shall be same as of reference obligation. For the purpose of Risk-o-meter, liquidity risk value of the synthetic debt security shall be  
Liquidity Risk Value of reference obligation + 2
- (g) For Potential Risk Class (PRC) matrix, Credit Risk Value shall be same as reference obligation.

## Other conditions

- (a) Schemes shall comply with the directions issued by RBI from time to time in this regard.
- (b) Schemes shall participate in CDS only through standard contracts prescribed by Fixed Income Money Market and Derivatives Association of India (FIMMDA).
- (c) All CDS contracts shall be transacted either through Central Counterparty, if any or Request for Quote (RFQ) Platform.
- (d) MFs shall ensure Two-way Credit Support Annex (CSA) as part of CDS contracts.
- (e) The following disclosures shall be made by schemes in their periodic scheme portfolio disclosures:
  - (i) Credit Rating of CDS seller (lowest long term) where CDS is bought by schemes.
  - (ii) CDS transactions with associate or group companies of sponsor.
- (f) CDS contract shall mature on or before winding up date of schemes, wherever applicable.
- (g) Exposure through CDS (Notional amount of both CDS bought and sold) shall not exceed 10% of AUM of scheme and shall be within the overall limit of derivatives exposure as prescribed in Scheme Information Document.

## 2. Swing Pricing

### Background

In terms of paragraph 5.8 of the Master Circular, all open-ended debt mutual fund schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds) are required to follow Swing Pricing Framework.

Further, AMFI vide Letter No. 135/ BP/96-B/ 2024-25 dated 04th November, 2024, issued best practice guidelines circular no. 96-B/ 2024-25 on Swing pricing framework for schemes upon re-opening of a scheme after announcement of winding-up.

SEBI has prescribed swing pricing for scenarios related to net outflows from the scheme. Accordingly, a mandatory full swing price framework, during market dislocation times (as and when declared by SEBI), for high-risk open ended debt scheme would be applied on applicable scheme. The minimum swing factor as given below will be applicable. The NAV will be adjusted downwards for both the incoming and outgoing investors.

<b>Minimum swing factor for open ended debt schemes</b>			
Credit Risk of scheme →	Class A (CRV* $\geq$ 12)	Class B (CRV $\geq$ 10)	Class C (CRV $<$ 10)
Interest Rate Risk of scheme ↓			
Class I: (MD $\leq$ 1 year)	Optional	Optional	1.50%
Class II: (MD $\leq$ 3 years)	Optional	1.25%	1.75%
Class III: Any Macaulay duration (MD)	1.00%	1.50%	2.00%
*CRV: Credit Risk Value			

When swing pricing mechanism is triggered and swing factor is made applicable during market dislocation, both the incoming and exiting investors shall get NAV adjusted for swing pricing. Swing pricing shall be made applicable to all unitholders at PAN level, with an exemption for redemptions up to Rs. 2 lakh for each scheme for market dislocation.

AMFI vide circular dated November 4, 2024 has prescribed parameters for determination of thresholds for triggering swing pricing for normal times, which shall be followed by the AMCs. The circular also prescribes an indicative range of swing threshold for normal times.

**Threshold for Triggering Swing Pricing during Normal Times for all open-ended debt scheme / scheme:**

· 10% net flow from any debt scheme.

The thresholds have been kept reasonable to ensure that normal redemption flows should not be penalized with Swing pricing.

The AMC shall use its discretion to trigger swing pricing during normal times.

**Triggering Swing Pricing on Re-opening of a scheme after announcement of winding up**

1. In cases of instances where the AMC after making an announcement to wind up a scheme, decides to roll-back the decision to wind up the scheme. Such situations may trigger large scale redemptions and hence it would be prudent to invoke the Swing Pricing mechanism to manage such a situation. In other words, if the AMC decides to reverse its decision to wind up the scheme shall mandatorily invoke the Swing pricing upon re-opening a scheme for subscriptions and redemptions post such announcement.

2. The indicative range of swing pricing for the parameter of "Re-opening of the scheme after announcement of Winding -Up" shall be the same as applicable for swing pricing during normal times as communicated by AMFI from time to time.

The swing pricing period in the above instances shall be higher of:-

a.swing period as may be decided by the Board of AMC or

b.minimum period of 7 working days, upon re- opening a scheme for subscriptions and redemptions.

**Point to note:**

Any further circulars and guidelines pertaining to swing pricing from AMFI and SEBI would be abided by and would be subsequently incorporated in the document.

**3. Segregation of Portfolio /Side pocketing:**

To ensure fair treatment to all investors in case of a credit event and to deal with liquidity risk, SEBI has permitted creation of segregated portfolio of debt and money market instruments by Mutual Fund scheme.

Creation of segregated portfolio shall be optional and at the discretion of the AMC. It should be created only if the Scheme Information Document (SID) of the scheme has provisions for segregated portfolio with adequate disclosures.

### **Segregated Portfolio/ Side Pocketing**

In case of a credit event and to deal with liquidity risk. In the event of default, AMC is permitted to opt for creation of segregated portfolio as per the guidelines issued by SEBI.

- a. The term 'segregated portfolio' shall mean a portfolio, comprising of debt or money market instrument affected by a credit event (Default), that has been segregated in a Mutual Fund scheme.
- b. The term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio.
- c. The term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

### **Credit Event**

AMC may create segregated portfolio in a Mutual Fund scheme subject to the following:

1. Segregated portfolio may be created, in case of a credit event at issuer level i.e., downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:

- Downgrade of a debt or money market instrument to 'below investment grade', or
- Subsequent downgrades of the said instruments from 'below investment grade', or
- Similar such downgrades of a loan rating.

2. In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as detailed above and implemented at the ISIN level.

3. Segregated portfolio of unrated debt or money market instruments may be created only in case of actual default of either the interest or principal amount. Actual default by the issuer of such instruments shall be considered as credit event for creation of segregated portfolio.

4. The AMC shall inform AMFI immediately about the actual default by the issuer. Upon being informed about the default, AMFI shall immediately inform the same to all AMCs. Pursuant to dissemination of information by AMFI about actual default by the issuer, AMCs may segregate the portfolio of debt or money market instruments of the said issuer.

5. Further, the AMC /Valuation Agencies shall ensure that the financial stress of the issuer and the capabilities of issuer to repay the dues/borrowings are reflected in the valuation of the securities from the trigger date onwards.

### **Process for Creation of Segregated Portfolio**

- I. The AMC shall decide on creation of segregated portfolio on the day of credit event. In case it decides to segregate portfolio, it shall:
  - i. Seek approval of trustees prior to creation of the segregated portfolio.
  - ii. Immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. The Mutual Fund should also disclose that the segregation shall be subject to trustee approval. Additionally, the said press release shall be prominently disclosed on [www.alphagrepmf.ai](http://www.alphagrepmf.ai) . Ensure that till the time the trustee approval is received, which in no case shall exceed

1 business day from the day of credit event, the subscription and redemption in the scheme shall be suspended for processing with respect to creation of units and payment on redemptions.

II. Once trustee approval is received by the AMC:

- i. Segregated portfolio shall be effective from the day of credit event.
- ii. The AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information shall also be submitted to SEBI.
- iii. An e-mail or SMS should be sent to all unit holders of the concerned schemes.
- iv. The NAV of both segregated and main portfolio shall be disclosed from the day of the credit event.
- v. All existing investors in the scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.
- vi. No redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests.

III. If the trustees do not approve the proposal to segregate portfolio, AMC shall issue a press release immediately informing investors of the same.

### **Valuation and processing of subscriptions and redemptions**

Notwithstanding the decision to segregate the debt and money market instrument, the valuation should consider the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets) in terms of the relevant provisions of SEBI (Mutual Funds) Regulations, 2026 and Circular(s) issued thereunder.

All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as per the provisions on applicability of NAV as under:

(a) Upon trustees' approval to create a segregated portfolio -

- Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
- Investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV.

(b) In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.

(c) Debt schemes which have investment in instruments with special features viz. subordination to equity (absorbs losses before equity capital) and /or convertible to equity upon trigger of a pre- specified event for loss absorption (Additional Tier I bonds and Tier 2 bonds issued under Basel III) or debt schemes that have provision to invest in such instruments shall ensure that the said instrument is to be written off or converted to equity pursuant to any proposal, the date of said proposal may be treated as the trigger date. However, if the said instruments are written off or converted to equity without proposal, the date of write off or conversion of debt instrument to equity may be treated as the trigger date.

### **i. Disclosure Requirements**

In order to enable the existing as well as the prospective investors to take informed decision, the following shall be adhered to:

1. A statement holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event shall be communicated to the investors within 5 working days of creation of the segregated portfolio.
2. Adequate disclosure of the segregated portfolio shall appear in all scheme related documents, in monthly and half-yearly portfolio disclosures and in the annual report of the Mutual Fund and the scheme.

3. The Net Asset Value (NAV) of the segregated portfolio shall be declared on every business day.
4. The information regarding number of segregated portfolios created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC's website and AMFI website.
5. The scheme performance required to be disclosed at various places shall include the impact of creation of segregated portfolio. The scheme performance should clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.
6. The disclosures at paragraphs (4) and (5) above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/ written-off.
7. The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

### **TER for the Segregated Portfolio**

1. All expenses of the Mutual Fund schemes shall be identified and paid from the respective schemes and subject to the base expense limits, brokerage limits, transaction costs and statutory levies permissible under the SEBI MF Regulations.
2. AMC shall not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a prorata basis only upon recovery of the investments in segregated portfolio.
3. The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence.
4. The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC
5. The costs related to segregated portfolio shall in no case be charged to the main portfolio.

### **ii. Monitoring by Trustees**

In order to ensure timely recovery of investments of the segregated portfolio, trustees shall ensure that:

- i. The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
- ii. Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.
- iii. An Action Taken Report (ATR) on the efforts made by the AMC to recover the investments of the segregated portfolio is placed in every trustee meeting till the investments are fully recovered/ written-off.
- iv. The trustees shall monitor the compliance with the guidelines issued by SEBI regarding segregation of portfolio in Mutual Fund schemes and disclose in the half-yearly trustee reports filed with SEBI, the compliance in respect of every segregated portfolio created.

In order to avoid misuse of segregated portfolio, trustees shall ensure to have a mechanism in place to negatively impact the performance incentives of Fund Managers, Chief Investment Officers / CXOs with equivalent positions, etc. involved in the investment process of securities under the segregated portfolio, mirroring the existing mechanism for performance incentives of the AMC, including claw back of such amount to the segregated portfolio of the scheme.

The existence of the provisions for segregated portfolio should not encourage the Fund managers to take undue credit risk in the scheme portfolio. Any misuse of the provisions of segregated portfolio, would be considered serious and stringent action may be initiated.

Note – The AMC shall inform AMFI immediately about the actual default by the issuer. Upon being informed about the default, AMFI shall immediately inform the same to all AMCs. Pursuant to dissemination of information by AMFI about actual default by the issuer, AMCs may segregate the portfolio of debt or money market instruments of the said issuer.

Investors may also note that the process followed by the AMC/Trustee Company regarding creation of segregated portfolios shall be in accordance with the provisions laid down by SEBI in this regard from time to time.

Numerical illustration explaining how segregated portfolios will work

Total Assets under Fixed Income instruments: Rs. 10 lakhs and Total 2 investors in the scheme:

Investors	Units	Amount (Rs.)	Portfolio	Value (Rs.)
A	30,000.00	3,75,000.00	Security 1	5,00,000.00
B	50,000.00	6,25,000.00	Security 2	3,00,000.00
			Security 3	2,00,000.00
Total	80,000.00	10,00,000.00		10,00,000.00

NAV Rs. 12.50 per unit

Credit Event: Security 2 downgrades and value falls from Rs. 3,00,000 to Rs. 280,000

Post Segregation (Main Portfolio):

Investors	Units	Amount (Rs.)	Portfolio	Value (Rs.)
A	30,000.00	2,62,500.00	Security 1	5,00,000.00
B	50,000.00	4,37,500.00	Security 3	2,00,000.00
Total	80,000.00	7,00,000.00		7,00,000.00

**NAV of main portfolio Rs. 8.75 per unit**

Post Segregation (Segregated Portfolio):

Investors	Units	Amount (Rs.)	Portfolio	Value (Rs.)
A	30,000.00	1,05,000.00	Security 2	2,80,000.00
B	50,000.00	1,75,000.00		

Total	80,000.00	2,80,000.00		2,80,000.00
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NAV of segregated portfolio Rs. 3.50 per unit

Investors	Units	Main Portfolio	Segregated Portfolio	Value (Rs.)
A	30,000.00	2,62,500.00	1,05,000.00	3,67,500.00
B	50,000.00	4,37,500.00	1,75,000.00	6,12,500.00
Total	80,000.00	7,00,000.00	2,80,000.00	9,80,000.00

#### 4. Short Selling/Stock Lending:

Subject to the Regulations and Para 13.6 of the Master Circular, and the applicable guidelines issued by SEBI, the Mutual Fund may engage in short selling/ stock lending. Stock lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period. The AMC(s) shall report to the Trustees on a quarterly basis about the level of lending, in terms of value, volume and intermediaries and also earnings and/or losses, value of collateral security etc. The Trustees shall periodically review the securities lending contract and take reasonable steps to ensure that the same is not, in any way, detrimental to the interests of the unit holders of the scheme. The Trustees shall offer their comments on the above aspects in the Half Yearly Trustee Report filed with SEBI.

The Investment Manager will apply the limits as specified in SID of the respective scheme, should it desire to engage in Stock Lending.

#### Short Selling by the Mutual Fund

In accordance with the framework specified by SEBI, the scheme and the Plans thereunder may, if the Trustee permits, may engage in short selling of securities. Short-selling is the sale of shares which are not owned by the seller at the time of trade. 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 corrects, Short seller can buy the stock back for less than he received for selling it and earn profit (the difference between higher short sale price and the lower purchase price). If the price of stock appreciates, short selling results in loss. Thus, 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. Borrowing by Mutual Fund

The Mutual Fund shall not borrow except to meet temporary liquidity needs for the purpose of repurchase or redemption of units or payment of interest or Income Distribution cum Capital Withdrawal payout to the unitholders or for settlement of trades by equity oriented index funds and equity oriented exchange traded funds on account of under execution of sell trades on the stock exchange in the manner as may be specified by SEBI from time to time. The borrowing is subject to:

- such borrowing not exceeding twenty per cent of the net assets of the scheme (which does not apply for intraday borrowing); and
- duration of such borrowing not exceeding a period of six months.

The following conditions apply for intraday borrowing by the Mutual Fund:

- Intraday borrowings shall be used only for the purpose of repurchase or redemption of units or payment of interest or Income Distribution cum Capital Withdrawal payout to the unitholders.
- The amount of intraday borrowings shall not exceed the guaranteed receivables due on the same day from Government of India, Reserve Bank of India and Clearing Corporation of India Limited. The following receivables on the day of redemption shall be eligible for intraday borrowings:
  - Maturity proceeds from TREPS
  - Proceeds from Reverse Repo
  - Maturity proceeds from G-Sec/ T-bill/ SDL/ STRIPS
  - Interest on G-Sec/ SDL
  - Sale proceeds of G-Sec/ T-bill/ SDL/ STRIPS
- The cost of intraday borrowing, if any, shall be borne by the AMC. Further, any loss or cost incurred, on account of any unforeseen event or delay in receiving the funds from receivables shall be borne by the AMC.

#### **H: Transaction Charges:**

Transaction charges have been removed pursuant to SEBI Circular No. SEBI/HO/IMD/PoD1/CIR/P/2025/115 dated August 08, 2025.

#### **I: Stamp Duty**

Pursuant to Notification No. S.O. 1226(E) and G.S.R. 226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, a stamp duty @ 0.005% of the transaction value would be levied on applicable Mutual Fund transactions. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including IDCW reinvestment) to the unit holders would be reduced to that extent.

## **XII. Disclosures and Reports by the Mutual Fund**

### **1. Account Statement/Consolidated Account Statement**

Pursuant to Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2011 dated August 30, 2011, read with the Master Circular, all the unit holders whose transactions\*\* have been accepted by the Fund shall note that–

- a) The Consolidated Account Statement (CAS) for each calendar month will be issued on or before the 15th day of succeeding month to the investors who have provided valid Permanent Account Number (PAN). Due to this regulatory change, AMC shall cease to send physical account statement to the investors after every financial transaction\*\* including systematic transactions. Further, CAS will be sent via email where any of the folios consolidated has an email id or to the email id of the first unit holder as per KYC records.

- b) \*\*The word ‘financial transaction’ shall include purchase, redemption, switch, IDCW payout, IDCW reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions.
- c) For folios not included in the Consolidated Account Statement (CAS), the AMC shall issue account statement to the investors on a monthly basis, pursuant to any financial transaction in such folios on or before twelfth day of succeeding month. In case of a New Fund Offer Period (NFO), the AMC shall send confirmation specifying the number of units allotted to the applicant by way of a physical account statement or an email and/or SMS to the investor’s registered address and/or mobile number not later than five business days from the date of closure of the NFO.
- d) The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 Business Days of receipt of valid application/transaction to the Unitholders registered e-mail address and/ or mobile number.
- e) In case of a specific request received from the unit holder, the AMC shall provide the account statement to the investors within 5 business days from the receipt of such request.
- f) In the case of joint holding in a folio, the first named Unitholder shall receive the CAS/account statement. The holding pattern has to be same in all folios across mutual funds for CAS.

Further, in case if no transaction has taken place in a folio during the period of six months ended September 30th and March 31st, the CAS detailing the holdings across all schemes of all mutual funds, shall be emailed at the registered email address of the unit holders on half yearly basis, on or before eighteenth day of succeeding month, unless a specific request is made to receive the same in physical form.

The asset management company shall issue units in dematerialized form to a Unitholder in a scheme within two working days of the receipt of request from the Unitholder.

Each CAS issued to the investors shall also provide the total purchase value / cost of investment in each scheme.

Further, CAS issued for the half-year (September/ March) shall also provide:

- (i) The amount of actual commission paid by AMCs/Mutual Funds to distributors (in absolute terms) during the half-year period against the concerned investor’s total investments in each Mutual Fund scheme. The term ‘commission’ here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as Goods & Service tax (wherever applicable, as per existing rates), operating expenses, etc.
- (ii) The scheme’s average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and other expenses for the period for each scheme’s applicable plan where the concerned investor has actually invested in.

Such half-yearly CAS shall be issued to all Mutual Fund investors, excluding those investors who do not have any holdings in Mutual Fund schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.

In case of the units are held in dematerialized (demat) form, the statement of holding of the beneficiary account holder will be sent by the respective Depository Participant periodically. The AMC reserve the right to furnish the account statement in addition to the CAS, if deemed fit in the interest of investor(s).

**CAS for investors having Demat account:**

- Investors having Mutual Fund investments and holding securities in Demat account shall receive a single Consolidated Account Statement (CAS) from the Depository.
- Consolidation of account statement shall be done on the basis of Permanent Account Number (PAN). In case of multiple holding, it shall be PAN of the first holder and pattern of holding. The CAS shall be generated on a monthly basis.
- If there is any transaction in any of the Demat accounts of the investor or in any of his mutual fund folios, depositories shall send the CAS within fifteen days from the month end. In case, there is no transaction in any of the mutual fund folios and demat accounts then CAS with holding details shall be sent to the investor on half yearly basis.
- In case an investor has multiple accounts across two depositories, the depository with whom the account has been opened earlier will be the default depository.

The dispatch of CAS by the depositories would constitute compliance by the AMC/ the Fund with the requirement under Regulation 36(4) of SEBI (Mutual Funds) Regulations. However, the AMC reserves the right to furnish the account statement in addition to the CAS, if deemed fit in the interest of investor(s).

**2. Half Yearly Disclosures/Portfolio Disclosures/Financial Results**

**Fortnightly Disclosures (applicable to open-ended debt schemes)**

The AMC will disclose the portfolio of the Debt schemes (along with ISIN) on fortnightly basis on the website [www.alphagrepmf.ai](http://www.alphagrepmf.ai) and AMFI website [www.amfiindia.com](http://www.amfiindia.com) within 5 calendar days of every fortnight in a user-friendly and downloadable spreadsheet format.

**Monthly/Half Yearly Disclosures**

The Mutual Fund shall disclose portfolio (along with ISIN), including derivative instruments, as on the last day of every alternate month (i.e. as on the end of May, July, September, November, January and March) for all its schemes (including debt based schemes) on the respective AMC website and on the website of AMFI within 10 calendar days from the close of such month in a user friendly and downloadable spreadsheet format.

The AMC shall communicate by email the monthly and half yearly scheme portfolio within 10 calendar days of the close of each month and half year. The AMC shall provide a feature wherein a link is provided to the investors to their registered email address to enable the investors to directly view/download only the portfolio of those scheme where the investor has invested. The monthly and half yearly portfolio disclosure shall also include the scheme Risk-band, name of benchmark and risk-o-meter of benchmark.

The AMC shall declare on their website the hosting of the monthly/fortnightly statement of its schemes portfolio on their respective website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unit holder can submit a request for a physical or electronic copy of the statement of scheme portfolio. The AMC shall provide a physical copy of the scheme portfolio, without charging any cost, on specific request received from an investor.

### **3. Half Yearly Results**

The Mutual Fund shall within one month from the close of each half year, that is on March 31 and on September 30, host a soft copy of its unaudited financial results on the website [www.alphagrepmf.ai](http://www.alphagrepmf.ai) and on the AMFI website. The unaudited financial results would also be displayed on the AMC website [www.alphagrepmf.ai](http://www.alphagrepmf.ai) and AMFI website - [www.amfiindia.com](http://www.amfiindia.com).

### **4. Annual Report**

The scheme wise annual report, in machine readable format, shall be hosted on the website of the AMC and on the website of AMFI. The AMC shall display the link prominently on their websites and make the physical copies available to the unit holders, at their registered offices at all times. The AMC shall send an email/SMS to all Unitholders regarding the hosting of scheme wise annual report on their website and on the website of AMFI. AMC shall e-mail the scheme annual reports or abridged summary thereof, in machine readable formats, to all such unit holders, whose email addresses are registered with the Mutual Fund, within 4 months from the date of closure of the relevant financial year. The said communication shall also include details of modes such as SMS, telephone, email or written request (letter), etc. through which unit holders can submit a request for a physical copy of the scheme wise annual report or abridged summary thereof.

**Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 2026 and the guidelines thereunder shall be applicable.**

#### **NOTES:**

1. This Statement of Additional Information (“SAI”) will be uploaded by AlphaGrep Mutual Fund on the website [www.alphagrepmf.ai](http://www.alphagrepmf.ai) and on AMFI website [www.amfiindia.com](http://www.amfiindia.com). The printed copy of the SAI will be made available to any investor on specific requests being made.
2. The SAI shall be updated within 3 months from the end of financial year and filed with SEBI. Any material changes in the SAI shall be made on an ongoing basis by way of addendum on the website of the Mutual Fund.



**ALPHAGREP INVESTMENT MANAGEMENT PRIVATE LIMITED**

**INVESTMENT VALUATION POLICY FOR MUTUAL FUND**

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## 1. Background

The Securities and Exchange Board of India (SEBI) has outlined investment valuation norms and accounting policies under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time. The **Investment Valuation Norms** are detailed in the **Eighth Schedule** of the Regulations (Regulation 47) and further clarified through SEBI circulars issued periodically. These norms prescribe the methodology and guiding principles for valuation of investments held by mutual fund schemes.

All valuations of securities shall be determined in strict conformity with the SEBI-prescribed valuation norms.

## 2. Objective of the Policy

- The objective of this policy is to define the **valuation methods, principles, and procedures** to be followed by **AlphaGrep Investment Management Limited (AGAML)** for determining the fair value of investments held by its mutual fund schemes.
- This policy aims to ensure **consistency, transparency, and compliance** with SEBI regulations and industry best practices.
- The policy is subject to review and modification from time to time, in line with amendments issued by SEBI and changes in market conditions.

## 3. Regulatory Framework

- This policy has been framed in accordance with the SEBI Master Circular No. **SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90** dated **June 27, 2024**, which mandates that every Asset Management Company (AMC) shall constitute a **Valuation Committee** to review investment valuation practices and ensure regulatory compliance.

## 4. Valuation Committee

### A. Composition

The Valuation Committee of AGAML shall comprise the following members:

- Chief Executive Officer (CEO)
- Chief Investment Officer (CIO)
- Head of Operations
- Head – Compliance
- Head – Risk / Chief Risk Officer (CRO)

### B. Chairperson

- The **CEO** shall serve as the **Chairperson** of the Valuation Committee.
- In the absence of the CEO, the **CIO** shall chair the committee meetings.

### C. Frequency of Meetings

- The Valuation Committee shall meet **at least annually** or **on a need basis**, as determined by circumstances or regulatory requirements.

### D. Quorum

- A **minimum of three members** shall constitute a quorum for the meeting.
- Presence of **either the CEO or CIO** is mandatory to complete the quorum.
- In the absence of the CIO, the **respective Fund Manager (Equity or Fixed Income)** may represent the CIO, though such representation **will not count toward quorum requirements**.
- The **CEO** shall be the default Chairperson; in their absence, the **CIO** shall assume the role.

### E. Scope of Activities

The Valuation Committee shall be responsible for the following functions:

- Review the Valuation Policy on a periodic basis and recommend necessary updates or changes.
- Approve or ratify any deviations from the established valuation policy, wherever required, for the purpose of fair valuation of a security.
- Recommend changes in the valuation methodologies or procedures to the Board of Directors of AlphaGrep Asset Management Limited (AGAML) and AlphaGrep Trustee Limited (AGTL) for approval.
- Ensure that new security types are invested in only after an appropriate valuation methodology for such instruments is formulated and duly approved by the Board.
- Invite Fund Managers or other relevant personnel to committee meetings, on a need basis, to provide insights on specific valuation matters.

## **I. EQUITY AND EQUITY RELATED SECURITIES**

### **A. Traded Securities**

#### **1. Equity and Equity Related Securities**

- AlphaGrep Asset Management Limited (AGAML) has designated the National Stock Exchange of India (NSE) as the Principal Stock Exchange for all equity and equity-related securities held across its mutual fund schemes.
- The relevant stock exchange for valuation purposes shall also be disclosed in the Statement of Additional Information (SAI).
- For Index Funds, the Principal Stock Exchange shall be the exchange where the underlying benchmark index is established.

#### **a) Valuation Based on Market Closing Price**

- Traded securities shall be valued at the closing price of the security on the National Stock Exchange (NSE) as on the valuation day.

#### **b) Securities Not Traded on NSE**

- If a particular security is not traded on the NSE on a given valuation day, the closing price on the Bombay Stock Exchange (BSE) shall be considered for valuation.
- If the security is not traded on any recognized stock exchange on the valuation day, the last available traded price on the NSE or BSE, whichever is later, shall be used provided such date is not more than 30 days prior to the valuation date.

#### **c) Securities Not Traded for 30 Days or More**

- If an equity security has not been traded on any stock exchange for a period of 30 days prior to the valuation date, such a security shall be treated as a 'non-traded' security and shall be valued in accordance with the norms for non-traded securities as specified under this Policy.
- In the case of unlisted equity securities, valuation shall also be carried out in accordance with the norms for non-traded / unlisted securities as specified in this Policy.

#### **d) Valuation for Index Funds**

- In the case of Index Funds, the valuation of the portfolio shall be carried out at the closing prices of the underlying benchmark index constituents on the valuation day.

## **2. Derivatives – Equity / Index Options and Futures**

Valuation of derivative instruments shall be carried out in accordance with the SEBI-prescribed methodology and exchange-provided settlement data. The valuation shall be based on the settlement prices declared by the stock exchange on which the contract was originally traded.

### **a) Equity / Index Options**

#### **i. Exchange-Based Valuation:**

The market value of traded **Equity / Index Option contracts** shall be determined with reference to the **exchange on which the contract was originally entered into**.

Accordingly, an option contract executed on the **National Stock Exchange (NSE)** shall be valued at the **daily settlement price** declared by the NSE.

#### **ii. Valuation of Non-Traded Positions:**

For option positions **not traded on the valuation day**, the **daily settlement price** published by the respective exchange (NSE or BSE) shall be adopted for valuation purposes.

### **b) Equity / Index Futures**

#### **i. Exchange-Based Valuation:**

The market value of traded **Equity / Index Futures contracts** shall be determined based on the **exchange where the contract was originally executed**.

Thus, a futures position contracted on the **NSE** shall be valued at the **daily settlement price** declared by the NSE.

#### **ii. Valuation of Non-Traded Positions:**

For futures positions **not traded on the valuation day**, the **settlement price provided by the respective exchange** shall be adopted for valuation purposes.

## **B. Non-Traded / Thinly Traded Securities**

Non-traded or thinly traded securities are those securities that have not been traded on any recognized stock exchange for a specified period prior to the valuation date or where trading volumes are not sufficient to reflect the fair value. Such securities shall be valued in accordance with the methodology prescribed under the SEBI (Mutual Funds) Regulations, 1996, read with applicable SEBI circulars and AMFI guidelines.

## **1. Application Money for Primary Market Issues**

Application money pertaining to investments made in the primary market (i.e., new issues or IPOs/FPOs) shall be valued as under:

#### **i. Prior to Allotment:**

The application money shall be valued at the bid price (i.e., the price at which the investment has been applied for).

ii. Post Allotment but Awaiting Listing:

After allotment, but prior to the listing of the security, the investment shall be valued at the allotment price.

## **2. Non-Traded / Thinly Traded Equity Securities**

### **A. Definition – Thinly Traded Securities**

A security shall be classified as thinly traded when:

- The trading value of an equity or equity-related security (such as convertible debentures, equity warrants, etc.) on a recognized stock exchange during a calendar month is less than ₹5,00,000, and
- The total trading volume during the same period is less than 50,000 shares.

Only the trading volumes and values reported on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) shall be considered for this determination.

Where a security meets the above criteria during the preceding calendar month, it shall be classified and valued as a thinly traded security by AlphaGrep Asset Management Limited (AGAML) for the following month.

### **B. Securities Listed on Non-Reporting Exchanges**

If a security is listed on an exchange that does not provide trading volume or value data, AGAML shall perform its own analysis in line with the above criteria to determine whether the security qualifies as thinly traded, and value it accordingly.

### **C. Monitoring Frequency**

Thinly traded securities shall be monitored and classified on a calendar-month basis, not on a rolling basis.

Once a security has been classified as thinly traded for a month, it shall be fairly valued ignoring the prices on the primary or secondary stock exchanges.

This fair valuation treatment shall continue for the entire month, even if the trading value or volume subsequently exceeds the prescribed thresholds during that month.

### **D. Treatment of Suspended Securities**

- If trading in an equity security is suspended on the stock exchange for up to 30 days, the last traded price shall be considered for valuation.
- If the suspension extends beyond 30 days, the security shall be treated as a non-traded security and valued accordingly.

## **E. Definition – Non-Traded Securities**

An equity security shall be considered non-traded **if it** has not been traded on either the NSE or BSE for a continuous period of 30 days prior to the valuation date.

### **1. Net Worth-Based Valuation**

The **net worth per share** shall be computed using the **latest available audited balance sheet** as follows:

[Share Capital + Reserves (excluding Revaluation Reserves) – Misc. expenditure and Debit Balance in P&L A/c] / No. of Paid-up Shares

### **2. Capitalized Earnings Method**

- Determine the **average industry capitalization rate (P/E ratio)** using data from either NSE or BSE, consistently applied across valuations.
- Apply a **discount of 75%** to the industry average P/E, i.e., only **25% of the industry average P/E** shall be used as the capitalization rate.
- Use the **Earnings Per Share (EPS)** from the latest audited annual accounts to calculate the capitalized earning value.
- If the **EPS is negative**, it shall be taken as **zero** for the purpose of calculating capitalized earnings.
- The **average of the net worth per share and the capitalized earning value** shall be further **discounted by 10%** to account for **illiquidity**, resulting in the **fair value per share**.
- If the **latest audited balance sheet** is not available within **nine months** from the close of the financial year (unless the accounting year has changed), the shares of such companies shall be **valued at zero**.
- If an individual security constitutes **more than 5% of the total assets of a scheme**, an **independent valuer** shall be appointed to determine its fair value.
- To assess whether a security exceeds the 5% threshold, it shall be valued as per the above procedure, and its proportion of the **total net assets of the scheme** shall be computed as of the valuation date.

## **F. Definition -Convertible Debentures**

Convertible debentures and bonds consist of **two components** — the **non-convertible portion** and the **convertible portion** — each of which shall be valued separately in accordance with their respective characteristics.

### 1. Valuation of Non-Convertible Portion

- The non-convertible component shall be valued using the same methodology applicable to debt instruments, as specified in this Policy.

### 2. Valuation of Convertible Portion

1. The convertible component shall be valued based on the methodology applicable to equity instruments.
2. If, after conversion, the resulting equity instrument would be traded pari-passu with an existing listed equity security, the value of the listed security may be adopted.
  - An appropriate discount shall be applied to account for the non-tradability of the instrument during the period preceding conversion.
  - The discount rate shall be approved by the Valuation Committee and incorporated in the valuation.

### 3. Optional Conversion

Valuation of convertible debentures with optional conversion features shall be carried out as follows:

- Option exercised by issuer:
  - Take the lower of the value when exercised or the value when not exercised.
- Option exercised by investor:
  - Take the higher of the value when exercised or the value when not exercised.
- All valuations for optional conversion shall be reviewed and approved by the Valuation Committee prior to adoption.

### 3. Valuation of Unlisted Equity Securities

The valuation of **unlisted equity securities** shall broadly follow the **methodology applicable to non-traded / thinly traded securities**, with certain additional considerations as outlined below:

#### A. Net Worth-Based Valuation

The Net Worth per share shall be computed as the lower of the following two methods:

1. Method (a): Basic Net Worth Approach

Net Worth of the Company

= Paid-up Share Capital + Reserves (excluding Revaluation Reserve) – Miscellaneous Expenditure

not written off / Deferred Revenue Expenditure – Intangible Assets – Accumulated Losses

$$\text{Net Worth per Share} = \frac{\text{Net Worth of the Company}}{\text{Number of Paid-up Shares}}$$

2. Method (b): Adjusted for Option / Warrant Exercise

Net Worth of the Company  
 = Paid-up Share Capital + Consideration on Exercise of Options/Warrants received or receivable

+ Free Reserves (excluding Revaluation Reserve)

– Miscellaneous Expenditure not written off / Deferred Revenue Expenditure

– Intangible Assets – Accumulated Losses

Net Worth per Share

$$= \frac{\text{Net Worth of the Company}}{\text{Number of Paid-up Shares} + \text{Shares that would be obtained on conversion/exercise of outstanding warrants and options}}$$

- If the Net Worth of the Company is negative, the share shall be valued at zero.

B. Fair Value Computation

The fair value per share shall be computed as follows:

$$\text{Fair Value per Share} = \left[ \frac{\text{Net Worth per Share} + \text{Capitalized Value of EPS}}{2} \right] \times 0.85$$

- The 15% discount reflects illiquidity typically associated with unlisted securities.
- Capitalized earnings shall be determined based on the latest available audited annual accounts.

C. Unavailable Latest Financial Statements

- If the latest balance sheet (i.e., prepared within nine months from the end of the company's accounting year) is not available—unless the accounting year has been changed—the shares shall be valued at zero.

D. Discretionary Adjustment

- At the discretion of the Valuation Committee, and with approval from the AMC and Trustee Board, the fair value of an unlisted equity security may be adjusted to a price lower than the value derived using the above methodology, based on qualitative or quantitative considerations.

#### 4. Valuation of Suspended Securities

Equity securities whose trading has been suspended on a recognized stock exchange shall be valued as follows:

1. Suspension up to 30 Days:
  - If trading is suspended for up to 30 days, the last traded price of the security on the stock exchange shall be used for valuation.
2. Suspension Exceeding 30 Days:
  - If trading is suspended for more than 30 days, the security shall be treated as a non-traded security and valued in accordance with the methodology applicable to non-traded securities as outlined in this Policy.

#### 5. Valuation of Non-Traded Rights Entitlements

Non-traded rights entitlements arising from equity holdings shall be valued as follows:

##### A. Rights Entitlement Formula

Until the rights are traded post the rights renunciation period, the value of the rights entitlement shall be calculated using the **SEBI-prescribed formula**:

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

Where:

- $V_r$  = Value of the Rights
- $n$  = Number of rights offered
- $m$  = Number of original shares held
- $P_{ex}$  = Ex-right price
- $P_{of}$  = Rights offer price

**Note:** The ratio of rights ( $n/m$ ) will be **adjusted in the quantity** directly while booking the rights and is **not considered again for valuation**.

##### B. Adjustments for Non-Pari-Passu Rights

- If the rights entitlement is **not treated pari-passu** with the existing shares, suitable adjustments shall be made to the value of the rights.
- If the investor **renounces the rights** and the renunciations are traded, the rights shall be valued at the **renunciation price**.

### C. Rights on Non-Traded Shares

- If the **original shares**, on which the rights entitlement accrues, are **not traded on the stock exchange on an ex-right basis**, the rights entitlement shall **not be recognized as an investment**.

### D. Unsubscribed and Non-Traded Rights

- If the rights are **not traded** and it is decided **not to subscribe**, the rights entitlement shall be **valued at zero**.
- Where it is decided to subscribe the rights, renunciation value might not be appropriate. Hence in such cases valuation of rights entitlement will be done as per the formula stated in clause a to d above.

### E. Post-Subscription Valuation

- Once the **subscription amount for the rights entitlement is paid**, the resulting shares shall be valued in accordance with the **normal equity valuation methodology** specified in this Policy.

## 6. Valuation of Non-Traded Warrants

Non-traded warrants shall be valued using the following methodology:

### A. Valuation Based on Underlying Shares

- Warrants shall be valued at the value of the underlying shares that would be obtained upon exercise of the warrants.
- An appropriate discount for non-tradability, as determined and approved by the Valuation Committee, shall be applied.
- The value shall be prorated on a monthly basis after reducing the exercise price or issuance price from the closing price of the underlying equity security.

$$\text{Value of Warrant} = \text{Value of Underlying Shares} - \text{Exercise Price}$$

### B. Zero Value Condition

- If the amount payable on exercise of the warrants is higher than the value of the underlying shares, the value of the warrants shall be taken as zero.

## 7. Valuation of Non-Traded Preference Shares

Non-traded **preference shares** shall be valued in **good faith**, taking into account the **type of preference shares** and any **illiquidity discounts** applicable. The valuation methodology shall depend on the **terms of issue**, i.e., whether the shares are **convertible or non-convertible**.

#### **A. Convertible Preference Shares**

- **Convertible preference shares** shall be valued using the **same methodology as convertible debentures**, considering both the equity conversion component and the non-convertible component.

#### **B. Non-Convertible Preference Shares**

- **Non-convertible preference shares** shall be valued using the **same methodology as non-convertible debentures**, based on their debt-like characteristics and applicable yield or market-based pricing.

#### **C. Non-Receipt of Dividend**

- In the event that the **dividend on preference shares is not received**, the security shall be treated as a **Non-Performing Asset (NPA)** for valuation purposes, in line with standard accounting practices and SEBI guidelines.

### **8. Valuation of Shares on De-Merger**

On a de-merger, the valuation of shares is influenced by the trading status of the parent and resulting entities. The methodology shall be as follows:

#### **A. Both Shares Traded Immediately on De-Merger**

- If both the parent and resultant entity shares are traded immediately post de-merger, each shall be valued at their respective traded prices.

#### **B. Only One Entity Traded on De-Merger**

- If only one entity continues to be listed and traded:
  1. The value of the unlisted entity(ies) shall be determined as the difference between the opening price of the traded security on the ex-date (after de-merger) and the closing price on the previous trading day (before de-merger).
  2. This price difference shall be taken as the valuation price of the unlisted entity(ies) proportionately until such shares are listed and traded on a stock exchange.
  3. The cost price of the new entity/entities shall be derived proportionately from the cost price of the parent entity.
  4. If the traded security of the de-merged entity is equal to or higher than its pre-de-merger value, the non-traded entity shall be valued at zero.
  5. If the unlisted security is not listed within 30 days from the ex-date, the valuation price shall be reviewed after 30 days.

#### **C. Neither Share Traded on De-Merger**

- If shares of both entities are not traded:

1. The price of the parent shares one day prior to the ex-date shall be bifurcated over the de-merged shares based on:
  - Ratio of cost of shares of each de-merged entity, or
  - Net assets transferred, if available from the company, and
  - Any other relevant factors.
2. If the shares of both companies remain untraded for more than 60 days, they shall be treated as unlisted securities and valued according to the unlisted security methodology.
3. If the company specifies any regulations or methods for cost bifurcation or valuation, such instructions shall be adopted.
4. If the above methodology does not yield a fair valuation, the Valuation Committee shall determine the valuation on a case-by-case basis.

## **9. Valuation of Shares on Merger / Amalgamation**

The valuation of securities resulting from a merger or amalgamation shall be determined based on the valuation of the merging / amalgamating companies immediately prior to the ex-date of the transaction. The methodology shall be as follows:

### **A. All Merging Companies Listed**

- If all merging or amalgamating companies are listed, the resulting company shall be valued as the sum of the valuations of the constituent companies immediately prior to the merger date.
- If a listed company merges into an unlisted surviving company, the surviving company shall be valued at the traded price of the listed company immediately before the merger.

Example:

1. If Company A and Company B merge to form Company C, then Company C shall be valued as A + B.
2. If Company A (listed) merges into Company B (unlisted), then Company B shall be valued at the traded price of Company A immediately prior to the merger.

### **B. One or More Merging Companies Unlisted**

- If one or more merging / amalgamating companies are unlisted, the resulting company shall be valued based on the principles of fair valuation as determined by the Valuation Committee.

### **C. Application of Illiquidity Discounts**

- If the resulting company remains unlisted for more than three months, an illiquidity discount may be applied to the derived price based on the market capitalization of the issuer:
  - Large Cap: 5%
  - Mid Cap: 10%
  - Small Cap: 15%

#### **D. Exceptional Cases**

- The Valuation Committee may determine a fair value different from the above methodology based on facts and circumstances of each case.
- Guidance from the Valuation Committee shall also be sought for any exceptional cases not covered by the above methodology.

### **10. Valuation of Partly Paid-Up Equity Shares**

The valuation of partly paid-up equity shares shall depend on whether the security is non-traded or thinly traded, as follows:

#### **A. Non-Traded Partly Paid-Up Shares**

1. The uncalled liability per share shall be deducted from the value of a fully paid-up share to derive the price of the non-traded partly paid-up shares, if the fully paid-up share is traded.
2. If the fully paid-up shares are not traded, the valuation methodology for non-traded equity shares (including illiquidity discounts) shall first be applied to the fully paid-up share, and then the uncalled liability per share shall be deducted to arrive at the value of the non-traded partly paid-up shares.

#### **B. Thinly Traded Partly Paid-Up Shares**

- Partly paid-up shares shall be valued at the lower of the following two prices:
  1. Current closing price of fully paid-up shares less the uncalled amount per share of partly paid shares.
  2. Closing price of the partly paid share if it has not been traded on the valuation day (not exceeding the last 30 days).

### **11. Valuation of Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs)**

The valuation of units of InvITs and REITs shall be carried out as follows:

- 1. Non-Traded on a Particular Valuation Day:**
  - If units are not traded on any stock exchange on a valuation day, the last traded price on the selected stock exchange or any other recognized exchange immediately prior to the valuation day shall be used, provided that the trading date is not more than 30 days before the valuation date.
- 2. Non-Traded for 30 Consecutive Days:**
  - If units are not traded for a continuous period of 30 days, the valuation shall be determined by the Valuation Committee in consultation with the Internal Auditors or independent valuation agencies, as deemed appropriate.
- 3. Independent Agency Pricing:**
  - If an AMFI-approved independent agency provides valuations for units of InvITs or REITs, the AMC may engage with the agency to obtain security-level prices for valuation purposes.

## **12. To-Be-Listed Equity Shares and Equity-Related Instruments (Pre-IPO)**

The valuation of securities pending listing shall be carried out as follows:

### **1. Up to 2 Months from Allotment:**

- Such securities shall be valued at cost.

### **2. Beyond 2 Months from Allotment:**

- Securities shall be valued as unlisted equity shares, following the valuation methodology for unlisted equity securities as prescribed in this Policy.

## **13. Valuation of Securities under Security Lending & Borrowing (SLB)**

- Securities lent or borrowed under the Security Lending & Borrowing (SLB) mechanism shall be valued on the basis of amortization, in line with SEBI regulations and accounting principles.
- The valuation shall reflect the accrued interest, principal amount, and any adjustments applicable to the security for the period it is under the SLB arrangement.

This ensures that SLB transactions are valued consistently, accurately, and in accordance with SEBI guidelines, reflecting the true economic value of the securities during the lending or borrowing period.

## **14. Valuation of Other Instruments**

- In the event of any other type of capital or corporate action, which is not specifically covered under the existing valuation methodology, the instrument shall be valued at fair value on a case-by-case basis.
- Such valuation shall be carried out only after obtaining necessary approval from the Valuation Committee and/or the Board, as deemed appropriate.

This ensures that all other instruments and exceptional corporate actions are valued transparently, consistently, and under proper governance, in line with SEBI regulations.

## **15. Commodities**

### **Valuation of Exchange Traded Commodity Derivatives – Gold & Silver Gold & Silver**

Exchange Traded Commodity Derivatives (ETCDs) shall be valued at the last traded price available at 5:30 pm which is the closest available price to the MCX Spot price at which the respective physical commodities are valued at. In the event the last quoted closing price as referred above is not available, such ETCD contracts shall be valued at the Settlement price of the respective stock exchange. When a security is not traded on the stock exchange from where the commodity was purchased on a particular valuation day, the value at which it was traded on the on the earliest previous day may be used provided such date is not more than 30 days prior to valuation date. If no price is available for more than 30 days, then the security will be treated as a non-traded security and the valuation committee, in order to ensure fair valuation, will determine price, based on the available information.

**(W.e.f 01 April 2026, in terms of Regulation 22(9) and Regulation 63(9) and subject to the investment valuation norms specified in Seventh Schedule of SEBI (Mutual Funds) Regulations, 2026, the mutual funds shall value physical Gold and Silver by using the polled spot prices published by the recognized stock exchanges which are used for settlement of physically delivered Gold and Silver derivatives contracts. The spot polling mechanism shall comply with the spot polling guidelines as specified by SEBI from time to time. AMFI in consultation with SEBI shall prescribe a uniform policy in this regard.)**

#### **Physical Commodities other than Gold & Silver**

Physical stocks/Commodities received from the exchange accredited warehouse in the location (as notified and determined by the exchanges) will be valued based on latest spot market price of the respective location as published by the respective commodity exchanges. If on any day the spot market prices as above are not available due to holiday, then the prices of immediately preceding day will be considered for the purpose of valuation of such commodity. In case necessary details to value such commodities are not available or if the prices as per above do not represent fair price, the Valuation Committee, in order to ensure fair valuation, will determine price, based on the available information.

#### **Valuation of Exchange Traded Commodity Derivatives – Other than Gold and Silver**

Exchange Traded Commodity Derivatives (ETCDs) other than Gold & Silver shall be valued at the last quoted closing price on the exchange where such ETCD Contracts are Listed. In the event the last quoted closing price as referred above is not available, such ETCD contracts shall be valued at the Settlement price of the respective stock exchange. When a security is not traded on the stock exchange from where the commodity was purchased on a particular valuation day, the value at which it was traded on the on the earliest previous day may be used provided such date is not more than 30 days prior to valuation date. If no price is available for more than 30 days, then the security will be treated as a non-traded security and the valuation committee, in order to ensure fair valuation, will determine price, based on the available information.

## **II. Investment Grade Money Market and Debt Securities**

### **A. Valuation of Money Market and Debt Securities**

Money market and debt instruments include, but are not limited to:

- **Commercial Papers (CPs)**
- **Certificates of Deposit (CDs)**
- **Fixed Coupon Bonds**
- **Zero Coupon Bonds**
- **Pass-Through Certificates**
- **Floating Rate Notes (FRNs)**
- **Bank/Corporate Borrowings (BRDS) and other investment-grade instruments**

## 1. Valuation Methodology

- **Primary Method:** Securities shall be valued at the **average of security-level prices** obtained from **AMFI-mandated valuation agencies**, such as **CRISIL** and **ICRA**.
- **New Securities:**
  - For securities for which **valuation agency prices are not available** (e.g., newly issued instruments not held by any mutual fund), valuation may be carried out at the **purchase yield on the date of allotment/purchase**.
- **Abnormal Situations / Market Disruptions:**
  - In cases where **current market information is not obtainable or is inadequate**, the **Valuation Committee** shall monitor and determine the appropriate valuation.
  - All such **abnormal situations or market disruption cases** shall be **reported to the Board** periodically.
- **Policy Updates:**
  - Any changes in the valuation methodology or related clarifications from **AMFI** or internal guidance shall be **communicated to the Board** in a timely manner.

## B. Valuation of Other Money Market and Debt Securities

This section covers valuation of other money market and debt instruments not explicitly included under standard traded securities, as follows:

### 1. Government Securities

- Central Government Securities (CGS), State Development Loans (SDLs), Treasury Bills, Cash Management Bills, and similar instruments shall be valued at security-level prices obtained from AMFI-mandated valuation agencies, in line with SEBI regulations.

### 2. Bank Deposits

- Deposits with banks shall be valued at cost plus accrued interest.
- In case of prepayment penalties, the accrual rate shall be adjusted to reflect the rate applicable for that period minus any prepayment penalty.

### 3. Tri-Party Repo (TREPS), Repo ,Reverse Repo, and Corporate Bond Repo

- Valuation of all repo transactions, including TREPS, reverse repo, and corporate bond repos (except overnight repos), shall be obtained from valuation agencies.
- All money market and debt securities, including floating rate securities, shall be valued at the average of security-level prices obtained from valuation agencies.

- If security-level prices are not available for a newly issued instrument (not currently held by any mutual fund), the security shall be valued at the purchase yield on the date of allotment/purchase.

#### **4. Securities Purchased on Private Placement Basis**

- Securities purchased through private placement shall initially be valued at the purchase yield on the date of purchase.
- Subsequent valuations shall be carried out at the average of security-level prices obtained from AMFI-mandated valuation agencies.

#### **5.Valuation of Securities with Put/Call Options**

##### **1. Securities with Call Option**

- Securities with a call option shall be valued at the lower of:
  1. Value obtained by valuing the security to final maturity, and
  2. Value obtained by valuing the security to the call option date.
- If there are multiple call options, the lowest value obtained by valuing to the various call dates and to maturity shall be taken as the value of the instrument.

##### **2. Securities with Put Option**

- Securities with a put option shall be valued at the higher of:
  1. Value obtained by valuing the security to final maturity, and
  2. Value obtained by valuing the security to the put option date.
- If there are multiple put options, the highest value obtained by valuing to the various put dates and to maturity shall be taken as the value of the instrument.

##### **3. Securities with Multiple Put Options Present Ab-Initio**

- If a security has multiple put options factored into valuation by the valuation agency, and a put option is not exercised by the Fund while exercising it would have been favourable to the scheme:
  1. The Mutual Fund shall provide justification for not exercising the put option to the valuation agencies, AGAML, and Trustee Board on or before the last date of the notice period.
  2. The valuation agencies shall not consider the remaining put options for valuation.
- A put option shall be considered in favor of the scheme if the yield of the valuation price ignoring the put option exceeds the contractual yield/coupon rate by 30 basis points (bps).

#### 4. Securities with Both Put and Call Options

- If a security has **both put and call options on the same day** with **identical put and call prices**, it shall be deemed to **mature on that date** and valued accordingly.
- In all other cases, the **cash flows of each put/call option** shall be evaluated as follows:
  1. Identify a **Put Trigger Date**: the date where the **price to put option** is highest compared to other put options and maturity price.
  2. Identify a **Call Trigger Date**: the date where the **price to call option** is lowest compared to other call options and maturity price.
  3. **Valuation Rules**:
    - If **no Trigger Date** is available, value to **maturity price**.
    - If **one Trigger Date** is available, value to that **Trigger Date**.
    - If **both Trigger Dates** are available, value to the **earliest date**.
- If a **put option is not exercised** while it would have been **favorable to the scheme**, justification must be provided to the **valuation agencies, AGAML Board, and Trustee Board** on or before the **last date of notice period**.
- The **valuation agencies shall ignore remaining put options** in such cases.
- A **put option** shall be considered **in favor of the scheme** if the **yield ignoring the put option** exceeds the **contractual yield/coupon rate by 30 bp**.

#### 6.Valuation of AT-1 Bonds and Tier-2 Bonds

In accordance with SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, and AMFI guidelines (Letter No. 135/BP/91/2020-21), the valuation of Additional Tier-1 (AT-1) Bonds and Tier-2 Bonds issued under the Basel III framework shall follow a uniform methodology across all mutual funds.

##### 1. Regulatory References

- SEBI circular dated 05-Aug-2024 provides guidance on:
  - Clause 9.3.1.1: Valuation of securities with call options
  - Clause 9.4.2: Valuation of perpetual bonds and bonds with multiple call options
- NFRA Recommendation: AT-1 bonds typically trade at or near Yield to Call (YTC), reflecting market conventions.

## 2. Valuation Methodology

- AT-1 Bonds:
  - Shall be valued based on Yield to Call (YTC), adjusted for appropriate risk spreads.
  - The YTC methodology is aligned with Ind AS 113 for valuation purposes.
  - Valuation Agencies shall provide YTC-based prices to the Mutual Fund.
- Effective Date: This methodology is effective from August 08, 2024.
- Tier-2 Bonds:
  - Shall follow standard debt security valuation principles, including average security-level prices from AMFI-mandated valuation agencies, or purchase yield for new/untraded securities, consistent with the general debt and money market valuation methodology.

This approach ensures that AT-1 and Tier-2 Bonds are valued consistently, fairly, and in line with SEBI and NFRA recommendations, while maintaining alignment with accounting standards and market conventions.

### III OTHER SECURITIES

#### 1. Mutual Fund Units

##### ▪ Listed and Traded Units

- Mutual Fund Units that are listed and traded on a recognized stock exchange shall be valued at the closing traded price on the valuation date.
  - **Unlisted or Listed but Not Traded Units**
- Mutual Fund Units that are unlisted or listed but not traded on the valuation date shall be valued at the last declared Net Asset Value (NAV) as published on the AMFI website.

#### 2. Interest Rate Futures (IRF)

##### 1. Traded Futures Contracts

- Market values of traded futures contracts shall be determined with respect to the exchange on which the contract was originally executed.
- Example: If an IRF contract is executed on NSE, its valuation shall be based on the **Daily settlement Price or any other derived price provided by the exchange**. Prices of the same contract on other exchanges shall not be considered unless the contract was specifically executed on that exchange.

##### 2. Non-Traded Futures Contracts

- Exchanges provide daily settlement prices for all derivative positions.
- These settlement prices shall be adopted for valuing positions that are not traded on a particular valuation day.

### **3. Market Linked Debentures & OTC Derivatives (IRS/FRA)**

- Irrespective of residual maturity, these securities shall be valued at the average of security-level prices obtained from AMFI-mandated valuation agencies.

### **4. Convertible Debentures & Bonds**

- Non-convertible and convertible components shall be valued separately:
  - Non-convertible component: Valued as a debt instrument.
  - Convertible component: Valued as an equity instrument.
- If after conversion, the resultant equity is traded pari passu with an existing instrument, the value of the latter may be adopted after an appropriate discount for non-tradability prior to conversion.
- Optional conversions shall be factored into the valuation as per SEBI's Eighth Schedule.

### **5. Illiquid Securities**

- Aggregate value of illiquid securities (non-traded, thinly traded, unlisted equities) shall not exceed 15% of scheme assets.
- Illiquid securities exceeding 15% shall be assigned zero value.
- AMC shall disclose scheme-wise illiquid securities value and % of net assets on March 31 and September 30 in half-yearly portfolios with an asterisk against illiquid securities.

### **6. ADR, GDR & Overseas Securities (Other than Overseas Mutual Fund )**

Foreign Securities shall be valued based on the last quoted closing price at Overseas Stock Exchange on which respective securities are listed. However, the AMC shall select the appropriate stock exchange at the time of launch of a scheme in case a security is listed on more than one stock exchange and the reason for the selection will be recorded in writing. Any subsequent change in the reference stock exchange used for valuation will be necessarily backed by reason for such change being recorded in writing by the AMC. However, in case of extreme volatility in other markets post the closure of the relevant markets, the AMC shall value the security at suitable fair value.

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

Due to difference in time zones of different markets, in case the closing prices of securities are not available within a given time frame to enable the AMC to upload the NAV for a Valuation Day, the AMC may use the previous day price or the last available traded price as may be warranted / for the purpose of valuation.

Non -traded ADR /GDRs shall be valued after considering prices/ issue terms of underlying security. Valuation Committee shall decide the appropriate discount for illiquidity. Non- traded foreign security shall be valued by AMC at fair value after considering relevant factors on case to case basis.

Corporate Action (Foreign Security): In case of any corporate action event, the same shall be valued at fair price on case to case basis as may be determined by the Valuation Committee in consultation with Independent advisors (if required).

On valuation date, all assets and liabilities in foreign currency shall be valued in Indian Rupees at the RBI reference rate as at the close of banking hours on the relevant business day in India. For Currencies where RBI reference rate is not available, Bloomberg / Reuters shall be used. If required the AMC may change the source of determining the exchange rate.

#### **7. Indian Depository Receipts (IDRs)**

- Valuation shall follow principles for **listed Indian equities**.
- If **thinly traded**, valuation will consider **company balance sheet** as per thinly traded equity guidelines.

#### **8. Overseas Mutual Fund Units**

Will be valued at the last available Net Asset Value of the underlying fund. On the valuation day, for conversion of foreign exchange currency into INR, RBI reference rate as at the close of banking hours on that day in India / Bloomberg / Reuters.

If required, the AMC may determine the reference rate from an alternative source as may be approved by the Valuation Committee from time to time.

#### **9. Gold & Silver (for ETF schemes)**

- Valued at **AM fixing price of LBMA** (Gold: 995 fineness, Silver: 999 fineness), adjusted for:
  - **Metric conversion**
  - **USD to INR conversion** via RBI/FEDAI rates
  - **Transportation, insurance, notional customs duty & taxes**
- If **non-standard bars**, assay and convert to **LBMA-compliant bars** before valuation.

If on any day the LBMA AM fixing or RBI reference rate is not available due to holiday, then the previous day's prices are applied for the purpose of calculating the value of gold. MCX spot price would be considered for determining a suitable notional premium/discount to arrive at the fair valuation reflecting the domestic prices of Gold. If on any day MCX spot price is not available, any other appropriate source may be used as agreed upon by the Valuation Committee

**( W.e.f 01 April 2026, in terms of Regulation 22(9) and Regulation 63(9) and subject to the investment valuation norms specified in Seventh Schedule of SEBI (Mutual Funds) Regulations, 2026, the mutual funds shall value physical Gold and Silver by using the polled spot prices published by the recognized stock exchanges which are used for settlement of physically delivered Gold and Silver derivatives contracts. The spot polling mechanism shall comply with the spot polling guidelines as specified by SEBI from time to time. AMFI in consultation with SEBI shall prescribe a uniform policy in this regard.)**

#### **10. Exchange Traded Fund Units**

- **Listed & traded:** Closing traded price on valuation date
- **Unlisted or listed but not traded:** Last declared NAV

## 11. Sovereign Gold Bonds

- **Listed and traded:** Closing price on NSE
- **Not traded on a particular day:** Previous day's price

## 12. Credit Default Swaps (CDS)

- AMFI, in consultation with SEBI, shall issue guidelines for valuation of CDS based on a waterfall approach as follows:
  - Level I : Actual Traded Levels
  - Level II: Corporate bond credit spreads

## 13. Corporate Debt Market Development Fund (CDMDF)

Units of Corporate Debt Market Development Fund would be valued at Net Asset Value (NAV) as on the valuation date.

## 14. Deviation from Valuation Guidelines

- AMC is responsible for true and fair valuation and correct NAV as per SEBI Eighth Schedule.
- If AMC deviates from valuation agency prices, the following must be done:
  1. Record detailed rationale for each instance.
  2. Include security details (ISIN, issuer, rating), valuation price vs agency price, and impact on scheme NAV (amount & %).
  3. Report to AMC Board and Trustees.
  4. Disclose immediately and prominently on AMC website, under a separate head.
  5. In monthly and half-yearly portfolio statements, provide total deviations and link to detailed disclosure.

## 15. Money Market and Debt Securities Rated Below Investment Grade / Default

### 15.1 Classification Criteria

- A money market or debt security shall be classified as "Below Investment Grade" (BIG) if:
  - The long-term rating assigned by a SEBI-registered Credit Rating Agency (CRA) is below "BBB-", or
  - The short-term rating assigned by a CRA is below "A3".
- A money market or debt security shall be classified as "Default" if:
  - The interest and/or principal amount has not been received on the due date, or
  - The security has been downgraded to "Default" grade by a CRA.
- Mutual Funds shall promptly inform the valuation agencies and CRAs of any instance of non-receipt (full or partial) of interest and/or principal payments.

## 15.2 Valuation Methodology

- As per SEBI Master Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, valuation of such securities shall be based on prices provided by AMFI-notified valuation agencies (currently, CRISIL and ICRA).
- Till scrip-level prices become available, these securities shall be valued using indicative haircuts as provided by the valuation agencies.
- Haircuts shall be updated and refined as and when material information becomes available that impacts valuation.
- If market trades occur in the concerned security, such trades may be considered for valuation if the trade price is lower than the price post-haircut, subject to the minimum trade size determined by the valuation agencies.

## 15.3 Indicative Haircuts (as communicated by AMFI)

### A. Senior, Secured Securities

Rating	Infrastructure, Real Estate, Hotels, LAS, Hospitals	Other Manufacturing & Financial Institutions	Trading, Gems & Jewellery, Others
BB	15%	20%	25%
B	25%	40%	50%
C	35%	55%	70%
D	50%	75%	100%

### B. Subordinated, Unsecured, or Both

Rating	Infrastructure, Real Estate, Hotels, LAS, Hospitals	Other Manufacturing & Financial Institutions	Trading, Gems & Jewellery, Others
BB	25%	25%	25%
B	50%	50%	50%
C	70%	70%	70%
D	100%	100%	100%

#### **15.4 Multiple Ratings**

- If the security is rated by more than one CRA, the most conservative (lowest) rating shall be considered for determining whether it is below investment grade.

#### **15.5 Deviation from Valuation Agency Haircuts or Prices**

The AMC may deviate from the indicative haircuts and/or the valuation prices provided by the valuation agencies for below-investment-grade or defaulted securities only under the following conditions:

1. The detailed rationale for deviation shall be recorded by the Valuation Committee.
2. The rationale shall include details such as:
  - ISIN, issuer name, rating, sector, etc.
  - Price at which the security was valued vis-à-vis the post-haircut price or average of valuation agency prices.
  - Impact on scheme NAV (in absolute and percentage terms).
3. The details and rationale shall be reported to the Board of AMC and Trustees.
4. The same shall be disclosed on the AMC's website under a separate head.
5. The total number of such deviations shall also be disclosed in monthly and half-yearly portfolio statements, along with a direct website link to detailed disclosures.

#### **16. Changes in Terms of Investment**

In accordance with SEBI Master Circular **SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024**, any change in the terms and conditions of an existing investment shall be managed in a transparent and compliant manner to ensure true and fair valuation.

Mutual Funds shall adhere to the following principles while making or considering any such change:

##### **16.1 Reporting Requirements**

- Any change in the terms of investment, including but not limited to extension in maturity, modification of coupon rate, or restructuring of repayment terms, shall be immediately reported to:
  - Valuation Agencies, and
  - SEBI-registered Credit Rating Agencies (CRAs),along with the detailed reasons and rationale for such change.

##### **16.2 Treatment for Valuation Purposes**

- Any extension in the maturity of a money market or debt security shall result in the security being treated as "Default" for the purpose of valuation.
- If the maturity date is shortened and subsequently extended again, such a security shall continue to be treated as "Default" for valuation purposes.
- Any change in coupon terms, conversion options, or payment structures must be duly evaluated by the Valuation Committee to ensure the revised valuation reflects fair value as per SEBI norms.

### **16.3 Treatment of Post-Issuance Modifications**

- Any put option inserted subsequent to the original issuance of the security shall not be considered for the purpose of valuation.
- The original terms of issue (as at the date of allotment) shall continue to be used for valuation, irrespective of any such subsequently introduced options or modifications.

## **17. Approach for Valuation of Traded and Non-Traded Money Market and Debt Securities**

In accordance with SEBI Master Circular No. **SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90** dated **June 27, 2024**, which prescribes the principles for valuation of money-market and debt securities, the following methodology shall be adopted by AlphaGrep Mutual Fund and its Valuation Committee.

### **17.1 Overview**

SEBI has defined a uniform framework for determining traded yields and valuation of both traded and non-traded money-market and debt securities.

The following aspects are covered:

- (a) Waterfall mechanism for valuation
- (b) Definition of tenure buckets for similar maturity
- (c) Process for determination of similar issuer
- (d) Recognition of trades and outlier criteria
- (e) Process for construction of spread matrix

## **Part A – Valuation of Money Market and Debt Securities (other than Government Securities)**

### **(a) Waterfall Mechanism**

Valuation agencies shall apply the following **hierarchical waterfall** sequence to determine the price/yield of money-market and debt securities:

1. **Volume Weighted Average Yield (VWAY) of primary re-issuances** (book-built or fixed-price) and **secondary trades** in the **same ISIN**.
2. **VWAY of primary issuances through book building** of the **same issuer**, similar maturity.
3. **VWAY of secondary trades** of the **same issuer**, similar maturity.
4. **VWAY of primary issuances through fixed-price auction** of the **same issuer**, similar maturity.
5. **VWAY of primary issuances through book building** of **similar issuer**, similar maturity.
6. **VWAY of secondary trades** of **similar issuer**, similar maturity.
7. **VWAY of primary issuances through fixed-price auction** of **similar issuer**, similar maturity.

8. **Construction of matrix**, with polling where required.
9. **Polling for security-level valuation** under **exceptional circumstances**.

**Note 1:**

Except for primary issuances through book building, polling shall be conducted to identify outlier trades. For book-built issuances below ₹100 crore, polling shall also be conducted.

**Note 2 – Exceptional Circumstances:**

Examples include stale spreads (not updated for 6 months), rating changes, corporate actions, sector-specific news, or market volatility.

All such cases shall be **documented** by valuation agencies and **reported** to AMCs; AMCs shall maintain detailed records for SEBI verification.

**Note 3:**

All trades reported on stock exchanges or trade-reporting platforms (excluding inter-scheme transfers) **till the end of trade-reporting time** shall be considered for that day's valuation.

**Note 4 – Exceptional Events:**

On days of major events such as Monetary/Credit Policy announcements, Union Budget, Government Borrowing/Auction Days, Sovereign Rating actions, Sector-specific material events, Central Government Election Days, or Quarter-end Days, only trades **post-event** shall be used for VWAY/outlier identification. All such exceptional events and corresponding valuations must be **documented with justification**.

**(b) Definition of Tenure Buckets for Similar Maturity**

**Residual Tenure of Bond to be Priced Criteria for Similar Maturity**

Up to 1 month	Calendar Weekly Bucket
> 1 month – 3 months	Calendar Fortnightly Bucket
> 3 months – 1 year	Calendar Monthly Bucket
> 1 year – 3 years	Calendar Quarterly Bucket
> 3 years	Calendar Half-Yearly or Greater Bucket

Additional provisions:

1. Valuation agencies may adjust or refine buckets to reflect market nuances (e.g., < 90 days vs > 90 days spreads, quarter-end effects).
2. For illiquid/semi-liquid bonds, traded spreads may be used for longer maturities (≥ 1 year) with yield-curve adjustment.
3. All deviations must be **documented with rationale** and retained for audit.

### (c) Process for Determination of Similar Issuer

Valuation agencies shall identify “similar issuers” using one or a combination of the following criteria:

- Issuers within the **same sector/industry**;
- Issuers within the **same rating band**;
- Issuers belonging to the **same parent/group**;
- Issuers with **common guarantors**;
- Issuers with **similar collateral structures**, such as LAS/LAP.

Determination criteria, rationale, and documentation must be retained for verification.

Similar issuers are used both for **valuation substitution** and to **trigger review** of spreads across comparable names.

### (d) Recognition of Trades and Outlier Criteria

#### (i) Marketable Lot (Minimum Volume Criteria)

Market Segment	Instrument Type	Minimum Volume
Primary Market	Bonds/NCD/CP/CD	₹ 25 crore
Secondary Market	CP/CD/T-Bills/other MM instruments	₹ 25 crore
Secondary Market	Bonds/NCD/G-Secs	₹ 5 crore

Trades below these thresholds shall be **excluded** from valuation.

#### (ii) Outlier Identification

To prevent mispricing, valuation agencies shall:

- Classify issuers by **liquidity (Liquid, Semi-Liquid, Illiquid)**.
- Identify potential outliers based on **relative yield movement** vis-à-vis benchmark matrix.
- Validate suspected outliers through **polling**; unvalidated trades shall be **ignored**.

#### Liquidity Category ≤ 15 days 15–30 days > 30 days

**Liquid**                    30 bps    20 bps    10 bps

**Semi-Liquid**            45 bps    35 bps    20 bps

**Illiquid**                    70 bps    50 bps    35 bps

Criteria shall be **reviewed periodically** by valuation agencies in consultation with AMFI.

## Liquidity Classification Parameters

Two factors determine liquidity:

1. **Trading Volume** – % of trading days in a calendar quarter
  - Liquid ≥ 50%, Semi-Liquid 10–50%, Illiquid < 10%.
2. **Spread over Reference Yield** –
  - Bonds: ≤ 15 bps (Liquid), 15–75 bps (Semi-Liquid), > 75 bps (Illiquid)
  - CP/CD: ≤ 25 bps (Liquid), 25–50 bps (Semi-Liquid), > 50 bps (Illiquid)

The **better classification (more liquid)** from the two parameters shall be used. Classification shall be **reviewed and updated periodically**.

### (e) Process for Construction of Spread Matrix

#### Step 1 – Segmentation:

Corporate universe divided into four sectors:

1. PSUs / Financial Institutions / Banks
2. Non-Banking Finance Companies (excl. HFCs)
3. Housing Finance Companies
4. Other Corporates

#### Step 2 – Representative Issuers:

For each sector, valuation agencies shall select **benchmark issuers** (AAA/AA+) based on liquidity and maturity availability.

Spread adjustments shall be made across lower rating categories to ensure **consistent hierarchy** (no spread inversion).

#### Step 3 – Benchmark Curve & Spread Calculation:

- Construct **daily yield curves** for representative issuers (1 month–20 years+).
- Apply the waterfall approach and polling (if no data).
- Compute spreads for other issuers over respective benchmark curves using latest trades/primaries/polls.
- Carry forward spreads when no new data are available, adjusting for benchmark movement.

#### Step 4 – Governance:

- Apply VWAY, outlier, and exceptional-event rules in curve construction.
- Replace representative issuers in case of **rating downgrade, credit event, or liquidity change**.

- Maintain full audit trail of data sources and rationale.

## **Part B – Valuation of Government Securities (T-Bills, CMBs, G-Secs, SDLs)**

### **Waterfall Mechanism:**

1. **VWAY of last one hour**, subject to outlier validation.
2. **VWAY for the full day**, including two-quote data ( $\leq 5$  bps spread) on NDS-OM, subject to outlier validation.
3. **Two quotes ( $\leq 5$  bps spread)** on NDS-OM, subject to validation.
4. **Carry-forward of spreads** over benchmark.
5. **Polling**, where required.

### **Notes:**

1. VWAY shall include only trades meeting the marketable-lot criteria specified in Part A.
2. Any trade deviating by more than  $\pm 5$  bps from benchmark movement shall be identified as an **outlier**.
  - Outliers must be **validated through polling**; unvalidated trades shall be **excluded**.

### **Governance and Documentation**

- All methodologies, exceptions, and polling outcomes shall be **fully documented** by valuation agencies and **reviewed periodically** by the Valuation Committee.
- Any deviation or event-based adjustment shall include **rationale, data references, and date of effect**.
- Complete records shall be retained for **SEBI/Trustee inspection**.

#### **18.Treatment of Upfront Fees on Trades**

In accordance with SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, and AMFI guidelines, the following principles shall be applied for treatment and valuation of upfront fees on trades:

##### **1. Inclusion in Valuation**

- Upfront fees on all trades — including those executed in the **primary market** — irrespective of the name or manner in which they are received, shall be **considered by valuation agencies** while determining the fair valuation of the concerned security.

## 2. Reporting to Valuation Agencies

- The AMC shall **report details of such upfront fees** to the valuation agencies **on the trade date** itself as part of its trade reporting, in order to enable accurate determination of fair valuation on that date.

## 3. Accounting Treatment

- For accounting purposes, the upfront fees received shall be **reduced from the cost of the investment** in the scheme that made the investment.
- This ensures that the **effective yield** of the security reflects the impact of such fees.

## 4. Apportionment Across Schemes

- In cases where **upfront fees are received across multiple schemes**, the total amount shall be **allocated on a pro-rata basis** across such schemes, in proportion to their respective investments in the concerned security.

### 19. Investment in Partly Paid Debentures (PPDs)

#### a) Investment Framework

##### 1. Pre-defined Event-Based Payments

- Mutual Fund schemes shall invest in **partly paid debentures (PPDs)** only when the payment of the remaining amount is **linked to clear, pre-defined events (conditions precedent)**.
- Events that are **purely time-based** shall **not** qualify as pre-defined events.
- Such conditions precedent must be **clearly specified** in the *Subscription Agreement* or *Offer Document* of the issue.
- “Conditions precedent” refer to clearly defined obligations or events that must occur before the investor is called upon to pay the remaining subscription amount.
  - Examples include:
    - Achievement of specified project milestones.
    - Improvement in the credit rating of the issuer.
    - Fulfillment of operational or financial performance targets.
    - Occurrence of any pre-identified event.

##### 2. No Cross-Scheme Linkages

- There shall be **no linkage across schemes** while investing in PPDs.

- For instance, if the subscription agreement for PPDs includes an investment in another instrument (e.g., Commercial Paper), the **same scheme** that made the original investment in PPDs shall also make the subsequent investment.

### 3. Protection of Investor Interest

- The AMC shall ensure that the **interests of one scheme's unitholders** are not compromised to the advantage of another scheme.
- All **regulatory investment limits** shall be adhered to **at each stage of part payment**.
- The AMC shall **avoid excessive concentration** in PPDs to prevent liquidity or funding constraints that may hinder future part payments.

#### b) Disclosure Requirements

- Each investment in PPDs shall be **disclosed in the monthly portfolio** of the scheme.
- Disclosures shall include, at a minimum:
  - The **total amount contracted** but not yet paid by the scheme.
  - The **dates of future pay-ins** and corresponding **trigger events**.
  - Any other information considered **material to investors** by the AMC.

#### c) Valuation Methodology

As per **AMFI Best Practices Guidelines Circular No. 83 dated November 18, 2019** and subsequent updates, the valuation of PPDs shall be carried out as follows:

### 1. Price Calculation

- **Cash flows** shall be plotted using the details provided in the **term sheet**.
- These cash flows shall be **discounted using the YTM** derived for that specific ISIN.
- Valuation agencies shall provide prices:
  - **On a fully paid-up face value basis (₹100)**, and
  - **On an actual paid-up value basis** as of the valuation date.
- Cash flows shall be plotted till the actual maturity or deemed maturity (i.e., till the date of explicit put/call option at the same value).

#### Two scenarios apply:

### 5. Clearly defined pay-in dates and values –

- If pay-in dates and values are **explicitly mentioned** in the term sheet, cash flows are plotted accordingly.

- *Note:* Mutual Funds **cannot invest** in such PPDs as per the AMFI Circular No. 83 dated November 18, 2019.

#### 6. **Unclear or event-linked pay-ins –**

- If pay-ins are **linked to future events or optional triggers**, future cash flows shall be recognized **only on actual basis** upon receipt of information.

#### 2. **Yield Calculation**

- Yields for each ISIN shall be derived **daily** using the **standard waterfall approach** applicable to corporate bonds.
- Definitions for **similar maturity, similar issuer, and outlier identification** shall remain **consistent with the valuation methodology for other debt securities**.

### 20. **Stressed Issuers and Perpetual Bonds**

#### 1. **Stressed Issuers**

- The **financial stress** of the issuer and its **ability to service debt obligations** shall be duly considered in the **valuation of securities**.
- Adjustments shall be made **from the trigger date** of the stress event (e.g., rating downgrade, default, or any other material credit event).

#### 2. **Perpetual Bonds**

- For valuation purposes, the **maturity of all perpetual bonds** shall be assumed as **100 years from the date of issuance**.
- This treatment ensures consistency with long-term discounting approaches while incorporating risk factors inherent to perpetual instruments.

### 21. **Securities Not Covered Under the Current Valuation Policy**

- In cases where a security purchased by a Mutual Fund does not fall within the existing valuation framework, the Mutual Fund shall immediately report the same to AMFI.
- At the time of investment, the AMC shall ensure that total exposure to such securities does not exceed 5% of the total assets under management (AUM) of the scheme.
- AMFI will coordinate with the valuation agencies to ensure that the valuation of such securities is incorporated into the valuation framework within six weeks from the date of receipt of the intimation from the Mutual Fund.
- Interim Valuation: Until the security is covered under the AMFI valuation framework, the Mutual Fund shall value the security using a proprietary valuation model, which must be approved by its Independent Trustees and Statutory Auditors.

## 22. Investment in New Types of Securities

- Investment in any new type of securities or assets by an AGMF scheme shall be undertaken only after the establishment of appropriate valuation methodologies for such securities.
- The valuation methodology for the new securities must be approved by the Board of AGML prior to making any investment.

## 23. Inter-Scheme Transfers (IST)

### a) Debt Securities

- AMCs shall obtain prices for the IST of any money market or debt security (irrespective of maturity) from the **valuation agencies**.
- **AMFI**, in consultation with valuation agencies, shall define a **turn-around time (TAT)** within which IST prices shall be provided.
- **Price determination for IST:**
  - If prices from valuation agencies are received within the TAT, the **average of the prices** shall be used.
  - If only one valuation agency provides a price within the TAT, that price may be used.
  - If no price is received within the TAT, AMCs may determine the price in accordance with **Clause 3(a) of the Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996**, i.e., transfers shall be made at the **prevailing market price for quoted instruments on a spot basis**.

### b) Equity Securities

- IST of equity securities shall be effected at the **prevailing spot market price** of the security at the time of transfer.
- At the time of transfer, a record of prices quoted on the relevant stock exchange (NSE/BSE) or via Bloomberg Terminal shall be obtained, indicating **date, time, and current quoted price**.
- The price given in the quotation of the stock exchange shall be the **effective price** for the inter-scheme transfer.

## 24. Review of Valuation Policies

- The implemented **valuation policies and procedures** shall be **regularly reviewed** (at least once in a financial year) by an **independent auditor** to ensure their continued appropriateness and compliance.
- The **Valuation Policy** shall be reviewed **at least annually**, or on an **as-needed basis**, by **AGAML**, to incorporate any regulatory changes, market developments, or internal process improvements.

## 25. Consideration of Price of Same/Similar Securities

- **CRISIL** and **ICRA** shall consider the **price of same or similar securities** under **Scrip Level Valuation**.
- The valuation methodology shall be **as discussed and agreed with AMFI**, ensuring consistency and alignment with industry standards.

## 26. Inter-day NAV Computation Methodology in Case of Debt ETF

- SEBI, vide its Master Circular **SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90** dated **June 27, 2024**, has clarified that for transactions by **Authorised Participants (APs) / Large Investors** directly with AMCs, **intra-day NAV** shall be applicable.
- The **intra-day NAV** will be based on the **executed price at which the securities representing the underlying index or underlying commodities are purchased/sold**.
- Detailed methodology for intra-day NAV computation for Debt ETFs is provided in **Annexure-1**.

## 27. Abnormal Events

- The following are illustrative examples of events that could be classified as **abnormal situations** or **market disruptions**, where current market information may be unavailable or inadequate for valuation of securities:
  - Significant volatility in the capital markets.
  - Natural disasters or public disturbances causing unexpected market closures.
  - Major policy announcements by the Central Bank, the Government, or the Regulator.
  - Large redemptions affecting market liquidity.
- The **Valuation Committee** shall be responsible for monitoring such abnormal situations.
- In case of the above events, the Valuation Committee shall seek guidance from the **AGAML Board** or a **committee of the Board of Directors appointed for this purpose** to decide the appropriate methodology for valuation of affected securities.
- Any abnormal situations and the resulting valuation decisions shall be reported to the **AMC Board** at the subsequent meeting.
- If the standard valuation policies and procedures do not result in a **fair or appropriate valuation**, **AlphaGrep Asset Management Limited** may deviate from these policies to value assets/securities at fair value.
- Any deviation from the disclosed valuation policies and procedures shall be:

- Reported to the **Board of Trustees** and the **Board of the Asset Management Company**, and
- Disclosed appropriately to investors.

#### **ANNEXURE-1: Intra-day NAV Computation Methodology for Debt ETF**

##### **Scope:**

This methodology applies to all ongoing subscription and redemption transactions received through **Authorized Participants** and **Large Investors** for Debt ETFs.

##### **Procedure:**

#### **1. Execution of Trade:**

- AGAML shall execute trades in the **index or similar securities** (subject to regulatory limits) for valid Large Investor / Authorized Participant transactions.

#### **2. Basket Execution:**

- Trades shall be executed for the **entire basket** subscribed or redeemed by the investor.

#### **3. Calculation of Executed Trade Value:**

- Executed trade value shall be considered at **clean price**, with **brokerage and other transaction charges** appropriately adjusted, for the computation of **Intra-day NAV** for the transaction.

#### **4. Interest Accrual for Delayed Settlements:**

- If trade settlement occurs at **T+1 or later**, the interest accrual amount from trade date to settlement date shall be **recovered from or paid to the investor**.

#### **5. Cash Component:**

- Calculated as the difference between the **number of units subscribed/redeemed** multiplied by:
  - Value of **per unit creation size** as per the previous day's NAV, and
  - Total **market value of executed securities** (as per previous day's valuation prices).

#### **6. Intra-day NAV Computation:**

- The sum of amounts in points **3, 4, and 5** shall be **divided by the number of units subscribed/redeemed** to arrive at the **Intra-day NAV applicable for the transaction**.

7. **Recovery of Statutory and Incidental Charges:**

- AGAML shall **recover statutory levies and incidental charges**, if applicable, from the investor for the transaction.

8. **Treatment of New Securities:**

- If trade involves a **new security** (new to the Mutual Fund universe) where **previous day's Scrip Level Valuation (SLV) prices** are not available:
  - Previous day's market value shall be obtained from valuation agencies.
  - If only **one agency provides the price**, that price shall be used.
  - If no price is available from the valuation agencies, the **executed trade price** will be used for NAV computation.