CARNELIAN
MUTUAL FUND
Clarity • Conviction • Compounding

STATEMENT OF ADDITIONAL INFORMATION (SAI)

Name of the Mutual Fund: Carnelian Mutual Fund (referred as '**Mutual Fund**')

Name of the Asset Management Company: Carnelian Investment Managers Private Limited (referred as '**AMC**')

Corporate Identity Number: U66309MH2025PTC460704

Name of the Trustee Company: Carnelian Trustee Company Private Limited (referred as "**Trustee**")

Corporate Identity Number: U66300MH2025PTC463244

ASSET MANAGEMENT COMPANY

Carnelian Investment Managers Private Limited

Registered Office: 1211/ 1212, One Lodha Place, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400013, Maharashtra, India.

TRUSTEE COMPANY

Carnelian Trustee Company Private Limited

Registered Office: 1211/ 1212, One Lodha Place, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400013, Maharashtra, India.

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

This SAI is dated September 21, 2026.

I.INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

A. Constitution of the Mutual Fund

Carnelian Mutual Fund (the "Mutual Fund") has been constituted as a trust on December 19, 2025 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with Carnelian Asset Management and Advisors Private Limited, as the Sponsor and Carnelian Trustee Company Private Limited as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on July 20, 2026 under Registration Code MF- MF/094/26/20.

B. Sponsor

Carnelian Mutual Fund is sponsored by Carnelian Asset Management and Advisors Private Limited ("The Sponsor"). The Sponsor is a Mumbai based boutique investment management firm focused on Indian equity investing. The firm was founded in 2019 with the aims to build a world-class asset management platform focused on delivering long-term wealth creation through disciplined investing and robust risk management. With Asset Management as its core activity, the Sponsor is engaged in a broad range of financial services including Portfolio Management Services (PMS), Alternative Investment Funds (AIFs), and offshore investment products focused on Indian equities and has established a strong presence across India.

The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 10,000/- (Indian Rupees Ten Thousand only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

Financial Performance of the Sponsor (past three years):

Particulars	**Year ended March 31, 2026**	**Year ended March 31, 2025**	**Year ended March 31, 2024**
Net Worth	169.21	86.24	36.93
Total Income	296.63	151.96	48.51
Profit after tax	79.68	57.90	15.30
Assets Under Management (if applicable)	13,835.00	9,625.00	5,635.00

C. The Trustee

Carnelian Trustee Company Private Limited (the "**Trustee**"), through its Board of Directors, shall discharge its obligations as trustee of the Carnelian Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI (Mutual Funds) Regulations, 2026 ("**Regulations**" or "**SEBI Regulations**") and will also review the activities carried on by the AMC.

The Trustee is a company incorporated under the Companies Act, 2013 having its registered office at 1211/ 1212, One Lodha Place, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400013, Maharashtra, India.

Details of Trustee Directors:

Name	Age (in years)	Qualification	Brief Experience
Mr. Srinath Sridharan	51	PhD in Business Management (University of Mumbai). Member of the Royal Institution of Chartered Surveyors (MRICS).	• Mr. Srinath Sridharan is a seasoned business leader, governance advisor, and public policy professional with extensive experience in strategy, financial services, stakeholder management, and institutional governance. He holds a PhD in Business Management from the University of Mumbai and is a Member of the Royal Institution of Chartered Surveyors (MRICS). • He has held senior leadership roles with organizations such as Wadhawan Global Capital and Dewan Housing Finance Corporation Limited, where he was involved in group strategy, mergers and acquisitions, joint ventures, strategic alliances, and public policy initiatives. His experience includes working closely with, promoters, and management on business transformation, governance framework, and value creation. • Mr. Sridharan currently serves as an Independent Director on the Boards of Fintech SRO and Xportify Technologies Private Limited, and as a Nominee Director on the Board of Edge Craft Solutions Pvt. Ltd. • With his deep expertise in governance, strategy, and regulatory engagement, Mr. Sridharan's presence on the Board is expected to strengthen the governance framework of Carnelian Trustee Company Private Limited.
Mr. Girraj Prasad Garg	61	LL.B., MBA (Finance), AMIE	• Mr. Girraj Prasad Garg is a former senior official of the Securities and Exchange Board of India (SEBI) with over three decades of experience in securities market regulation, investor protection, financial education, and institutional governance. He has held several leadership roles at SEBI, including Executive Director, where he oversaw critical functions such as investor assistance and education, enforcement, information technology, and parliamentary and regulatory matters. He has also played a pivotal role in advancing financial literacy initiatives at a national level through programs in collaboration with regulatory bodies and market institutions.

Name	Age (in years)	Qualification	Brief Experience
			• Mr. Garg has also served as Registrar of the National Institute of Securities Markets (NISM) and Head of the National Centre for Financial Education (NCFE), where he contributed significantly to capacity building and professional education in the securities market's ecosystem. • Mr. Garg's presence on the Board is expected to provide valuable insights and strengthen the fiduciary and oversight functions of Carnelian Trustee Company Private Limited.
Ms. Ruby Srivastava	64	LL.M., Masters in Development Management, M.Sc. in Botany B.Sc. (Honours) (Botany (Hons)).	• Ms. Ruby Srivastava is a distinguished former senior government official with extensive experience in taxation, public finance, corporate governance, and regulatory oversight. She holds an LL.M. from National Law University, Bangalore, a Master's degree in Development Management from the Asian Institute of Management, and a Bachelor of Laws from Delhi University. • She has held several senior leadership positions with the Government of India, including Principal Chief Commissioner of Income Tax and Director (Finance) on the Board of Nuclear Power Corporation of India Limited (NPCIL), where she was responsible for financial management, project appraisal, capital expenditure oversight, and compliance with corporate and regulatory frameworks. Her career spans revenue administration, appellate functions, prosecution matters, and implementation of large-scale tax reforms. • She currently serves as an Independent Director on the Board of Seamec Limited, a listed public company, where she chairs multiple Committees and is a member of CSR and Nomination & Remuneration Committees. • Ms. Srivastava's leadership and independent judgment are expected to bring valuable insights and strengthen governance standards at the Board of Carnelian Trustee Company Private Limited.

Name	Age (in years)	Qualification	Brief Experience
Ms. Swati Khemani	48	CA and B.Com	• With 23 years of financial experience, Swati exemplifies the important role of the Indian modern professional and empowered woman. Her professional journey has taken her to leading roles in equity research, institutional sales, investment banking, client relationships and human capital management, all this, while raising a family and being an entrepreneur. • Along with Vikas Khemani and Manoj Bahety, she founded Carnelian Asset Management where she currently holds the key position of managing the overall business and capital management. Her mentoring skills have been instrumental to lay the foundation of a strong, cohesive and winning investment management team. She enjoys a good relationship with the investor & corporate community.

Responsibilities and Duties of the Trustee:

Pursuant to the Trust Deed dated July 23, 2026 and in accordance with the provisions of the SEBI Regulations, the responsibilities and duties of the Trustee are as under:

(1) Appointment and termination of asset management company

(a) The Trustee and the AMC have entered into an investment management agreement with the prior approval of SEBI.

(b) The investment management agreement contains clauses set out in the Third Schedule of the Regulations and such other clauses as are necessary for the purpose of making investments and fair and transparent functioning of the AMC.

(c) The Trustee 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.

(d) The Trustee shall ensure that the AMC has the necessary expertise, internal control systems and risk management mechanism to invest and mange assets of the Mutual Fund.

(e) The Trustee shall ensure that the AMC establishes systems and submits reports and information that the Trustee may require in discharging their responsibility under the 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.

(f) Where the Trustee has reason to believe that the conduct of business of the AMC is not in accordance with the Regulations, the contraventions by the AMC and remedial action taken by the Trustee shall immediately be informed to SEBI.

(g) The Trustee may terminate the assignment of the AMC, with the prior approval of SEBI, under the following circumstances:

(i) The Trustee's own accord if they have reasons to believe that the affairs of the AMC are being conducted in contravention to the provisions of the Regulations; or

(ii) If requested by the AMC.

(2) Addressing conflict of interest and broker empanelment:

(h) The Trustee 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:

(i) conducting a quarterly review of reports submitted by the AMC on transactions between the Mutual Fund and the AMC or its associates;

(ii) ensuring that the AMC does not grant unfair advantage to its associates or engage in transactions that may prejudice the interests of unitholders;

(iii) 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

(iv) 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.

(3) Regulatory compliance and trustee responsibilities

(i) The Trustee shall have the right to request for any information from the AMC that they deem necessary.

(j) The Trustee shall ensure that the AMC complies with the obligations set out under regulation 22 and 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 Regulations.

(k) The Trustee shall ensure that the transactions under the Mutual Fund schemes are in accordance with the provisions of the Regulations and the Trust Deed, and the AMC makes investments only in permissible instruments, in compliance with the Regulations and in alignment with the stated investment objectives of each scheme.

(l) The Trustee shall be accountable for and be the custodian of the funds and property of the respective schemes and shall hold them in trust for the benefit of unitholders in accordance with the Regulations and the provisions of Trust Deed.

(4) Trustee oversight for investor interests

(m) The Trustee shall obtain unitholder consent:

(i) whenever required to do so by SEBI, for the benefit of unitholders;

(ii) whenever required to do so, on the requisition made by three-fourths of the unitholders of any scheme under the Mutual Fund; and

(iii) when the majority of the directors of the Trustee decide to wind up a scheme or prematurely redeem units of a closed-ended scheme.

(n) The Trustees shall request details of securities transactions by key personnel of the AMC, whether made in their own name or in the name of the AMC, and report the same to SEBI as and when required.

(o) The Trustee shall periodically review investor complaints and their resolution by the AMC.

(p) The Trustee shall appoint 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.

(q) The Trustee shall:

(1) Quarterly review the net worth of the AMC to ensure compliance with the threshold on a continuous basis.

(2) Periodically review all service contracts such as custody arrangements and satisfy itself that such contracts are executed in the interest of the unitholders.

(3) Abide by the Code of Conduct as specified in the Fourth Schedule – PART A of the Regulations.

(4) Review the details of securities transactions filed by directors of the AMC on a quarterly basis.

(5) 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.

(r) The Trustee shall submit to SEBI on a half-yearly basis

(1) a report on the activities of the Mutual Fund;

(2) a certificate confirming there have been no instances of self-dealing or front running by trustees, directors, or key personnel of the AMC; and

(3) a certificate confirming that the AMC has managed the schemes independently of other activities, and any conflicts were addressed to protect unitholders' interests.

(s) The independent directors of the Trustee shall review and give their comments on the reports received from AMC regarding investments by the Mutual Funds in securities of group companies of the Sponsor.

(t) 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:

(1) no such modification, alteration or addition shall be made without the prior approval of the Unit holders and SEBI;

(2) 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;

(3) The Trustee 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.

(5) Additional trustee oversight

(a) The trustees shall review the asset management company's net worth quarterly to ensure compliance with clause (e) of sub-regulation (1) of regulation 5.
(b) The trustees shall ensure there is no conflict of interest in how the asset management company deploys its net worth and the interests of unitholders.
(c) The trustees shall periodically review service contracts related to custody arrangements and ensure they serve the unitholders' interests.
(d) The trustees shall review the details of securities transactions filed by directors of the asset management company on a quarterly basis.
(e) The trustees shall exercise due diligence as under:

(1) General Due Diligence:

(i) The Trustee shall be discerning in the appointment of the directors on the Board of the AMC.
(ii) The Trustee shall review the desirability or continuance of the AMC if substantial irregularities are observed in any of the schemes of the Mutual Fund, and shall not permit the AMC to float new schemes until such irregularities are resolved.
(iii) The Trustee shall ensure that the trust property is adequately protected, held and administered by persons with necessary expertise and experience, and in a manner that ensures adequate oversight through an appropriate number of such persons.
(iv) The Trustee shall ensure that all service providers engaged for Mutual Fund related services are holding appropriate registrations from SEBI or concerned regulatory authority.
(v) The Trusteeshall arrange for test checks of service contracts relating to key service providers, whose services, functions, operations and access to information or assets is critical to, or could materially influence the protection of investor interests.
(vi) The Trustee shall immediately report to SEBI of any special developments in the Mutual Fund.

(2) Specific due diligence:

(vii) The Trustee shall obtain internal audit reports at regular intervals from independent auditors appointed by them.
(viii) The Trustee shall obtain compliance certificates at regular intervals from the AMC.
(ix) The Trustee shall meet periodically to review reports and functioning of the AMC and ensure compliance with the Regulations.
(x) The Trustee shall maintain records of the decisions of the board of directors of the Trustee at their meetings and of the minutes of the meetings.
(xi) The Trustee shall prescribe the Code of Ethics to be adhered to by the AMC and its personnel.

(xii) The Trustee shall communicate in writing to the AMC of the deficiencies and review the rectification of such deficiencies.

(3) Core responsibilities of the Trustee

(xiii) The Trustee shall ensure the fairness of the fees and expenses charged by the AMC.

(xiv) The Trustee shall review the performance of AMC in its schemes vis-à-vis performance of peers or the appropriate benchmarks.

(xv) The Trustee 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.

(xvi) The Trustee shall ensure that operations of AMC are not unduly influenced by the Sponsor, its associates and other stakeholders of the AMC.

(xvii) The Trustee shall ensure that undue or unfair advantage is not given by AMC to any of its associates/group entities.

(xviii) The Trustee shall be responsible to address conflicts of interest, if any, between the shareholders/stakeholders/associates of the AMC and unitholders.

(xix) The Trustee 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.

(xx) The Trustee 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 Trustee shall review such checks periodically.

(f) The Trustee y and their resource persons shall independently evaluate the extent of compliance by AMC vis-à-vis the identified key areas and not merely rely on AMCs' submissions /external assurances. In this regard, the Trustee 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.

(g) The Trustee 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 Trustee. The Trustee shall also ensure that the AMC periodically review such systems.

(h) The Trustee shall require the AMC 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.

(i) The Trustee shall periodically review the steps taken by the AMC for folios which do not contain all the Know Your Client (KYC) attributes / updated KYC attributes and ensure

that the AMC take remedial steps necessary for updating the KYC attributes especially pertaining to bank details, PAN, mobile phone number.

(j) The independent directors of the Trustee shall pay specific attention to–
(i) the investment management agreement and the compensation paid under the agreement;
(ii) fees and ensure that fees charged in service contracts entered with associates are not higher than those charged by outside contractors for the similar services;
(iii) securities transactions involving associates to the extent such transactions are permitted;
(iv) selecting and nominating individuals to fill independent directors' vacancies;
(v) ensuing code of ethics designed prevents fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions;
(vi) the reasonableness of fees paid to the Sponsor, AMC and any others for services provided; and
(vii) any service contract with the associates of the asset management company.

(k) The trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.

(6) The trustees shall also exercise due diligence on such matters as may be specified by SEBI.

Supervisory role of the Trustee

The supervisory role of the Trustee will be discharged inter alia by reviewing the information and operations of the Mutual Fund based on the reports furnished by AMC and internal audit reports/compliance reports received on a periodical basis. The board meeting of the Trustee shall be held on quarterly basis and at least four such meetings shall be held every year or at such frequency as may be prescribed under the SEBI (Mutual Fund) Regulations, 2026. Further, the board of directors of the Trustee has constituted an Audit Committee and Risk Management Committee. The Audit Committee shall meet periodically to discuss the review of the periodic financial statements of the Trustee Company and Mutual Fund including audit observations internal control systems, the scope of audit of the internal auditors, as well as the observations made by them and recommending appointment of auditors. The scope of the Risk Management Committee shall be as per the SEBI (Mutual Funds) Regulation, 2026 and the Master Circular issued by SEBI dated March 20, 2026 and other circulars issued by SEBI from time to time, which lays down broad framework for Risk Management.

The Trustee may amend the Trust Deed with the prior approval of SEBI and the Unit Holders where it affects the interest of Unit Holders.

II.Asset Management Company

Carnelian Investment Managers Private Limited is a private limited company incorporated under the Companies Act, 2013 on November 11, 2025, having its Registered Office at 1211/ 1212, One Lodha Place, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400013, Maharashtra, India. Carnelian Investment Managers Private Limited has been appointed as the Asset Management Company of the Carnelian Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated December 22, 2025, and executed between Carnelian Trustee Company Private Limited and Carnelian Investment Managers Private Limited ("**IMA**").

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.

Shareholding Pattern of the AMC as on September 18, 2026:

Name of the Shareholder	No of equity shares held	Equity Share Capital	% holding
Carnelian Asset Management and Advisors Private Limited	66,89,998	66,899,980	100.00%
Vikas Khemani	1	10	0.00%~
Swati Khemani	1	10	0.00%~
Total	**66,90,000**	**66,900,000**	**100.00%**

~ - negligible %

Details of AMC Directors:

Name	Age	Qualification	Brief Experience
Mr. Shishir Joshipura (Independent Director)	64	B. Tech (Mechanical), Advanced Management Program from Harvard Business School	• Mr. Shishir Joshipura is an accomplished industry leader with over four decades of experience in leading large, technology-driven organizations. He holds a B. Tech in Mechanical Engineering from BITS Pilani and has completed the Advanced Management Program from Harvard Business School. • He has served as the CEO and Managing Director of Praj Industries Limited and earlier as the Managing Director of SKF India Limited, where he played a key role in driving innovation, strengthening governance, and overseeing robust financial and strategic decision-making. His leadership experience includes capital

Name	Age	Qualification	Brief Experience
			allocation, financial stewardship, risk management, and long-term value creation. • Currently serving as an Independent Director on the Board of Kilburn Engineering Limited, Mr. Joshipura brings independent judgment on matters of strategy, performance, and governance. His extensive leadership experience and disciplined approach to decision-making are expected to provide valuable strategic and governance insights to the Board of Carnelian Investment Managers Private Limited.
Mr. Dheeraj Kumar Khandelwal (Independent Director)	51	CA and B. Com	• Mr. Dheeraj Kumar Khandelwal is a Chartered Accountant with over two decades of experience in finance, governance, fintech, and institutional leadership. He is a member of the Institute of Chartered Accountants of India (ICAI) and has held several key leadership positions within the Institute at regional and central levels. • He currently serves as the Director and Chief Executive Officer of Tradereboot Fintech Private Limited, where he leads the company's strategic direction, operations, and growth, with a focus on technology-driven solutions in trade finance and digital ecosystems. • Mr. Khandelwal has also served as a Central Council Member of ICAI, where he chaired and contributed to multiple committees covering industry and business, international trade, MSMEs, public financial management, and valuation standards. Through these roles, he has actively engaged with government bodies, and international stakeholders, contributing to professional capacity building, and governance reforms. • With his strong grounding in finance, governance, and regulatory frameworks, coupled with entrepreneurial leadership in fintech, Mr. Khandelwal's presence on the Board is expected to bring valuable insights on financial oversight, risk management, compliance, and strategic decision-making to Carnelian Investment Managers Private Limited.
Mr. Vikas Khemani (Associate Director)	49	CA, CFA and CS	• Mr. Vikas Khemani, with 27 years of extensive experience in capital markets, is the founder of Carnelian Asset Management & Advisors. Established in 2019, this boutique investment management and advisory firm, based

Name	Age	Qualification	Brief Experience
			in India, manages USD 1.3 bn across various portfolios. • Prior to founding Carnelian, Mr. Khemani served as the CEO of Edelweiss Securities Ltd. for 17 years. During his tenure, he successfully incubated and developed several businesses into market leaders, including institutional equities, investment banking, and equity research. • Mr. Khemani is recognized for his strong business acumen and profound understanding of capital markets, earning him a distinguished reputation within Corporate India. • In 2014, he was honored with the Young Professional Achievers Award for the service sector by the Institute of Chartered Accountants of India.

Duties and Obligations of the Asset Management Company (AMC) as specified in Regulation:

Under the Regulations, the AMC has to comply with certain duties and responsibilities, in accordance with the provisions of the Regulations which are as under:

(1) Investment and operational due diligence

(a) The AMC shall ensure that its activities shall adhere to the SEBI 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 issued thereunder and the Trust Deed.

(b) The AMC shall exercise due diligence and reasonable care in all investment decisions consistent with the standards of other entities engaged in the same business.

(c) 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.

(d) The AMC shall abide by the Code of Conduct as specified in Part A of the Fourth Schedule of the Regulations.

(e) 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.

(f) 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.

(g) 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.

(h) The AMC shall maintain and preserve for a period of eight years its books of account, records and documents.

(i) The AMC shall put in place suitable mechanisms/systems to generate system-based information/data/reports for evaluation and effective due diligence by the Trustee. AMC shall provide alerts based automated reports to the Trustee as may be required by the Trustee.

(2) Operational systems and personnel:

Before launching any scheme, the board of directors of the AMC shall ensure that the AMC has:

(i) established systems for its back office, dealing room and accounting;

(ii) appointed all key personnel specified by the Board, including fund managers for the scheme(s) and submitted their bio-data (including educational qualifications and securities market experience) to the Trustee within 15 calendar days of their appointment;

(iii) appointed auditors for audit of its accounts;

(iv) appointed a compliance officer responsible for monitoring compliance with the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by SEBI or the Central Government and for addressing investors grievances;

(v) appointed a registrar to an issue and share transfer agent registered under the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025 and established parameters for their supervision;

(vi) prepared a compliance manual and designed internal control mechanisms including internal audit systems;

(vii) specified norms for the empanelment of brokers and marketing agents; and

(viii) obtained, where required by these regulations, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed, in the manner specified by such exchange(s).

(3) Remuneration and Investment

(a) The AMC shall invest such amounts in such schemes of the mutual fund, based on the risks associated with the schemes, as may be specified by SEBI.

(b) The AMC shall invest a percentage of the remuneration of employees in units of Mutual Fund schemes based on the designation or roles, as specified by SEBI in this regard.

(c) The AMC shall not invest in any of its scheme other than as provided in clause (a) unless full disclosure of its intention to invest has been made in the offer documents.

(d) The AMC shall not charge any fees on its own investments in a scheme of a Mutual Fund managed by it.

(4) Responsibility of key personnel and employees:

(a) The Chief Executive Officer (whatever be the designation) of the AMC shall ensure that:

(i) the Mutual Fund complies with all the provisions of the SEBI Regulations and related guidelines and circulars;

(ii) investments made by the fund managers are in the interest of the unit holders;

(iii) the overall risk management function of the Mutual Fund is comprehensively managed and shall be responsible for the same; and

(iv) the AMC has adequate systems in place to ensure adherence to the Code of Conduct for Fund Managers and Dealers (specified in PART - B of the Fourth Schedule of the Regulations) and any breach of this Code of Conduct shall be immediately brought to the attention of the Board of Directors of the AMC and Trustee.

(b) The fund managers (whatever be the designation including chief investment officer) shall ensure:

(i) that scheme funds are invested to achieve scheme objectives, in the interest of unit holders and in compliance with the provisions of the Regulations and related guidelines and circulars; and

(ii) adherence to the Code of Conduct for Fund Managers and Dealers (specified in PART - B of the Fourth Schedule and submit a quarterly self-certification to the Trustee confirming complied or listing exceptions, if any.

(c) The Dealers (whatever be the designation) shall:

(i) ensure that orders are executed on the best available terms and in the best interest of all unit holders 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; and

(ii) abide by the Code of Conduct for Fund Managers and Dealers (specified in PART - B of the Fourth Schedule and submit a quarterly self-certification to the Trustee confirming complied or listing exceptions, if any.

(d) The compliance officer appointed under clause (iv) of sub-regulation (2) of regulation 22 shall independently and immediately report any observed non-compliance to SEBI.

(e) 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.

(5) Financial transactions and disclosures:

(a) Brokerage transactions

(i) 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.

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.**(b) Transactions with associates/sponsor:**

(i) to the AMC shall not utilise the services of the Sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction, distribution and sale of securities. Provided the AMC may utilise the services if a disclosure of the proposed engagement of such persons is disclosed to the unitholders and the brokerage or commission paid shall be disclosed in the half-yearly and annual accounts of the Mutual Fund.

(ii) Provided further that the Mutual Fund shall disclose at the time of declaring the half-yearly and yearly annual results:

a. subscription by the schemes in the issues lead managed by associate companies; and

b. subscription to any equity or debt issue on a private placement basis where the sponsor or its associate companies acted as arranger or manager.

(iii) If the AMC enters into any securities transactions with any of its associates, a report to that effect shall be placed before the Trustee at its next meeting.

(6) Investment concentration disclosure:

If the investment made by any company in a scheme exceeds five per cent of the net asset value of the scheme, the investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries shall be brought to the notice of the Trustee by the AMC and be disclosed in the half-yearly and annual accounts of the respective schemes, with justification for such investment, where the cross investment is made within a period of one year before or after the initial investment.

(7) Reporting and oversight

(a) Quarterly reports to trustees:

(i) The AMC shall submit to the Trustee, quarterly reports on its activities and the compliance with the Regulations.

(ii) The board of directors shall ensure that there has been exercise of due diligence on the reports submitted by the AMC to the Trustee.

(b) Director and Key Personnel Disclosures:

(i) The AMC shall file with the Trustee and SEBI:

a. detailed bio-data of all its directors, along with their interest in other companies, within 15 calendar days of their appointment;

b. a half yearly report regarding any change in the interest of directors; and

c. a quarterly report to the Trustee providing details and adequate justification about the purchase and sale of securities of the group companies of the Sponsor or the AMC by the Mutual Fund during that quarter.

(ii) Each director of the AMC shall file with the Trustee, the details of their securities transactions on a quarterly basis, in the manner specified by SEBI.

(iii) The AMC shall file with trustees the details of transactions in securities by its key personnel in their own name or in the name of the asset management company, and shall report to the Board, as required.

(iv) 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.

(c) Board of Directors' Oversight:

The board of directors of the AMC shall ensure that –

a. the AMC has been diligent in empaneling brokers, 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 associate in any manner detrimental to the interest of unit holders;
c. the transactions entered into by the AMC align with the Regulations, investment objective and asset allocation of the respective schemes;
d. the transactions of the Mutual Fund transactions align with the provisions of the trust deed;
e. the net worth of the AMC is reviewed quarterly to ensure continuous 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 for assets and transfer agency of securities, are executed in the interest of unit holders and test checks of service contracts are arranged;
g. there is no conflict of interest between the deployment of the AMC's net worth and the interest of unit holders;
h. investor complaints are periodically reviewed and redressed;
i. all service providers hold appropriate registrations with SEBI or relevant regulatory authority;
j. any special developments in the Mutual Fund are immediately reported to the Trustee; and
k. there has been exercise of due diligence on such matters as specified by SEBI from time to time.

(8) Ethical Conduct and Investor Protection (a) Prevention of misconduct:

(i) The AMC shall be responsible for acts of commission or omission by its employees or persons whose services have been procured by the AMC , where such act or omission is committed in the course of carrying out functions under these regulations, and involves negligence, breach of duty, or failure to comply with applicable law.

(ii) The AMC shall abide by the Code of Conduct specified in PART-A of the Fourth Schedule.

(b) **Market abuse deterrence:**

(i) The AMC shall establish, implement and maintain an institutional mechanism (as specified by SEBI), for identifying and deterring potential market abuse, including front-running and fraudulent transactions in securities.

(ii) The Chief Executive Officer or Managing Director (or equivalent or analogous rank) and Chief Compliance Officer of the AMC shall be responsible and accountable for implementing institutional mechanism for deterring potential market abuse, including front-running and fraudulent securities transactions.

(c) **Whistleblower policy:**

The AMC shall establish, implement and maintain a documented whistle blower policy that:

a. provides a confidential channel for employees, directors, Trustee, and other stakeholders to raise concerns about suspected fraudulent, unfair or unethical practices, violations of regulatory or legal requirements or governance vulnerability; and

b. establishes procedure to ensure adequate protection of whistle blowers.

(d) **Investor grievance and protection:**

(i) The asset management company shall constitute a Unit Holder Protection Committee in the form and manner and with a mandate as specified by SEBI.

(ii) The AMC shall ensure compliance with the Investor Charter specified by SEBI.

(9) Scheme management and valuation:

(a) **Registrars and share transfer agents**

(i) Registrars and share transfer agents appointed by the AMC shall be registered with SEBI.

(ii) 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 trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.

(b) **Valuation and Disclosure**

(i) The AMC shall compute and carry out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in the Seventh Schedule, and shall publish the same.

(ii) The AMC and the Sponsor of the Mutual Fund shall be liable to compensate affected investors and/or the scheme for any unfair treatment to an investor resulting from inappropriate valuation.

(iii) The AMC shall report and disclose all transactions in debt and money market securities, including inter scheme transfers, as specified by SEBI from time to time.

(c) **Changes to scheme attribute:**

The AMC shall ensure that no change in the fundamental attributes of any scheme, fees and expenses payable or any other change that would modify the scheme and affect the interest of unit holders, shall be carried out unless, –

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

(d) **Income calculation:**

The AMC shall be responsible for calculating 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, in accordance with the Regulations and the Trust Deed.

(e) **Stress testing:**

The AMC shall conduct stress testing for such schemes as specified by SEBI and disclose the results in the form and manner specified by SEBI.

(f) **Geographic scope:**

The AMC shall not carry out its fund management operations or execution of transactions relating to mutual funds, outside the territory of India, except for execution of trades for investment in overseas securities.

(10) Termination and Liability

(a) Termination of assignment of asset management company:

The AMC may request trustees for termination of the assignment of the AMC at any time:

Provided that such termination shall become effective only after the Trustee has accepted the termination of assignment and communicated their decision in writing to the AMC.

(b) Continuing Liability

Notwithstanding any contract, 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.

The 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 Regulations from time to time.

Information on Key Personnel:

Name	Age	Designation	Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years
Rajkumar Dhiman	48	Chief Executive Officer	PGDBA (Finance & Marketing) and B. Tech in	20	Mr. Dhiman has joined the AMC on August 25, 2026. He brings over 20 years of experience in the Asset Management industry, with a proven track record of

Name	Age	Designation	Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years
			Mechanical		shaping business strategy, building scalable businesses, strengthening brands and driving digital-first growth across customer and partner ecosystems. Prior to this, he was associated with Motilal Oswal Asset Management Company Ltd. from March 2022 to August 2026 as Senior Executive Group Vice President – Head of Digital Business & Marketing, where he spearheaded the organisation's digital strategy, built and scaled the direct business, and drove digital product development, customer propositions and market positioning, contributing to the organisation's broader business growth agenda. From December 2017 – March 2022, he was associated with ICICI Prudential AMC Limited as Head – Digital wherein he was responsible for leading the entire digital business architecture, digital transformation, digital product tech, analytics, and scaling e-commerce ecosystems within asset management. From April 2006 to December 2017, he was

Name	Age	Designation	Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years
					associated with Nippon Life India Asset Management Limited, where he led the long-term business strategy focused on driving profitable growth. Working closely with the leadership team across Sales & Distribution, Product, Customer Service and IT, he drove initiatives to grow digital sales and revenue across B2B and B2C channels.
Prashant Bagalkot	52	Head of Operations	Chartered Accountant from the Institute of Chartered Accountants of India (1998), Cost and Works Accountant from the Institute of Cost and Works Accountants of India (1995) and B.Com from Osmania University (1994)	24	Prashant has been associated with the AMC since March 09, 2026 and is responsible for overseeing the day-to-day operations of the AMC including fund accounting operations, custody, and settlement process. Prior to this, Prashant served as the Vice President – Fund Services Division at Axis Bank (Aug 20, 2024 to Mar 07, 2026) where he was responsible for supervising end to end accounting processes and systems. Previously, he has been associated with Aditya Birla Sun Life Mutual Fund (Dec 02, 2014 to Aug 14, 2024) as Senior Chief Manager Operations and ICICI Prudential Mutual Fund (April 20, 2002 to Nov 30, 2014) as AVP Operations.

Name	Age	Designation	Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years
Vinay Ramkishan Singh	24	Chief Risk Officer	Chartered Accountant from the Institute of Chartered Accountants of India (2024), Chartered Wealth Manager from American Academy of Financial Management (2022) and B.Com from Jai Hind College (2022).	5	Vinay has been associated with Carnelian Investment Managers Private Limited since March 1, 2026, as the Chief Risk Officer. He is responsible for overseeing the risk management framework of the AMC, including scheme-level risk monitoring, investment, liquidity and credit risk management, internal risk limits, stress testing, liquidity monitoring, and ensuring compliance with the applicable regulatory risk management requirements. Prior to joining the AMC, he was associated with Carnelian Asset Management & Advisors Private Limited from May, 2025, where he played a key role in the operational setup of the mutual fund business, regulatory readiness, implementation of risk management and governance frameworks, and strategic initiatives for the establishment of the AMC. Prior to this, he was associated with CNK & Associates LLP, where he was involved in conducting SEBI Mutual Fund inspections and compliance reviews for asset management companies. His experience included

Name	Age	Designation	Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years
					review of prudential investment norms across equity, offshore investments, REITs and InvITs, group company investments in mutual fund schemes, liquidity and treasury risk management, stress testing, credit operations, and compliance with the SEBI (Mutual Funds) Regulations and related regulatory requirements.
Chetan Mankame	54	Investor Relations Officer	M.Com from Mumbai University (1999), Diploma in Business Management from Prin. L.N. Welingkar Institute of Management, Development & Research (1994) and B.Com from Mumbai University (1992).	30	Chetan has been associated with the AMC as the IRO since March 01, 2026 and is responsible for leading the overall investor services function for the Mutual Fund and overseeing operations related to investor onboarding and servicing. Prior to this, Chetan was associated with Carnelian Asset Management & Advisors Private Limited (Oct 27, 2025 to Feb 28, 2026) as the Senior Vice President – Operation & Investment Services where he was responsible for overseeing end-to-end RTA operations and transaction processing. Chetan has also served the role of Associate Director – Program Management at Bandhan AMC Limited (April 03, 2023 to Oct 15, 2025) and Associate Director – Projects

Name	Age	Designation	Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years
					at IDFC Asset Management Company Limited (May 01, 2008 to April 01, 2023).
Viraj Parekh	29	Fund Manager	Integrated Professional Competence Course (IPCC) from the Institute of Chartered Accountants of India (2017) and B.Com from Narsee Monjee College (2018).	5	Viraj has been associated with the AMC since March 01, 2026 where he is responsible for monitoring portfolio performance, portfolio construction, conducting investment research and analysis across sectors and companies, etc. Prior to this, Viraj was a Research Analyst at Carnelian Asset Management & Advisors Private Limited from Feb 01, 2021 to Feb 28, 2026 where he was a part of the equity research team and undertook detailed fundamental analysis of investee companies, evaluated business models, competitive positioning etc.
Mayur Jain	34	Dealer	ATC Chartered Accountant: Finance, Accounts and Taxation from the Institute of Chartered Accountants of India (2013), Bachelor's in commerce, accounting and finance from Mumbai	12	Mayur has been associated with the AMC since March 01, 2026 and is responsible for execution of transactions of the Mutual Fund and ensuring that trades and broker transactions are in compliance with SEBI requirements. Prior to this, Mayur acted as the Operations, Finance & Accounts Manager at Carnelian Asset Management & Advisors

Name	Age	Designation	Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years
			University (2013) and has the following certifications - NISM Series XV- Research Analyst Certification (2018) and Series VII – Equity Derivatives Certification (2018).		Private Limited (Feb 05, 2020 to March l01, 2026) where he was responsible for the management of over 25 investment portfolio across all schemes within the PMS and AIF managed by the company. Mayur also holds experience as a Senior Accountant at Chadrabhan Gupta & Associates (October 03, 2016 to Feb 03, 2020).
Vratika Sardesai	43	Compliance Officer	Company Secretary from ICSI (2008), M.Com from Mumbai University (2007) and B.Com from M. L. Dahanukar College of Commerce (2004).	14	Vratika has been associated with the AMC since March 02, 2026 and is responsible for the overall compliance, secretarial and Legal function of the AMC and the mutual fund. Vratika has previously been associated with Bandhan AMC Limited from July 03, 2023 to Feb 26, 2026 as Vice President – Compliance where in she was responsible for compliance function of the mutual fund division. In HSBC Asset Management (India) Private Limited and L&T Investment Management Limited from May 07, 2020 to June 30, 2023 she was Vice President responsible for Compliance function of the mutual fund. She has also been involved in the compliance, legal & secretarial functions of her

Name	Age	Designation	Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years
					previous organisations such as SEBI Funds Management Private Limited (May 02, 2018 to April 30, 2020) as Senior Manager – Compliance, Mirae Asset Global Investments (India) Private Limited (Oct 07, 2013 to April 30, 2018) as Senior Manager – Legal and Compliance, ING Investment Management (India) Private Limited (Nov 01, 2011 to Aug 19, 2012) as Manager – Secretarial and Compliance.

Note: All the key personnel are based at the Registered Office of the AMC in Mumbai

III. Service providers

A. Custodian

Name: HDFC Bank Limited

Registered Address - HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013.

SEBI Registration Number - IN/CUS/001

B. Transfer agent

Computer Age Management Services Limited, (CAMS) has been appointed as Registrar & Transfer Agent for the schemes of Carnelian Mutual Fund. The Registrar is registered with SEBI under registration No: INR000002813 dated July 22, 1995.

Address of Registrar & Transfer Agent.

Computer Age Management Services Limited (CAMS)

No. 178 / 10 M G R Salai (Kodambakkam High Road), Opposite to Hotel Palmgrove, Nungambakkam, Chennai – 600034. Phone :- 1800 419 2267.

As Registrar to the Scheme, CAMS interalia handles communications with investors, perform data entry services and despatch Account Statements.

The Board of the Trustees 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.

C. Statutory auditor

Name – M/s. Chokshi & Chokshi LLP.

Address: 15/17, Raghavji B Bldg, Gowalia Tank, Off Kemps Corner, Mumbai 400 036

(B): + 91 22 23836900 | (F): + 91 22 23836901 |

D. Legal counsel

The AMC shall, if required, appoint external legal counsel based on the matter under consideration.

E. Fund Accountant

Name: HDFC Bank Limited

Registered Address - HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013

F. Collecting Bankers

Name : HDFC Bank Limited

Address: HDFC Bank House, Senapati Bapat Marg, Lower Parel(W), Mumbai - 400 013,

SEBI Registration Number : INBI00000063

IV. Condensed financial information (CFI) *for all the schemes launched by MF during the last three fiscal years (excluding redeemed schemes) :*

Not applicable as this is a new Mutual Fund and the scheme has not completed 3 fiscal years of its existence.

V. RISK FACTORS

A. Standard Risk Factors

a. Standard Risk Factors for investments in Mutual Fund

- 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.
- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price/value/interest rates of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down depending on the various factors and forces affecting the capital markets and money markets.

- Past performance of the Sponsor and its associates/ AMC/Mutual Fund does not guarantee future performance of the Scheme of the Mutual Fund.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme or their future prospects and returns.
- The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 10000/- made by it towards setting up the Fund.
- The present Scheme(s) are not guaranteed or assured return scheme.
- 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 / AMC 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.

b. 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 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 SEBI (Mutual Funds) Regulations, 2026 as amended from time to time.

c. 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 Mutual Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

d. Risks associated with different derivative strategies

The AMC, on behalf of the Scheme may use various derivative products, from time to time, in an attempt to protect the value of the portfolio and enhance Unit holders' interest.

i. The Schemes may invest in derivative products in accordance with and to the extent permitted under the Regulations and by SEBI. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Other risks include, the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Trading in

derivatives carries a high degree of risk although they are traded at a relatively small amount of margin which provides the possibility of great profit or loss in comparison with the principal investment amount. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have an impact on their value and consequently, on the NAV of the Units of the Schemes.

ii. Investment in derivatives also requires the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. Even a small price movement in the underlying security could have an impact on their value and consequently, on the NAV of the Units of the Schemes.

iii. The Schemes may face execution risk, whereby the rates seen on the screen may not be the rate at which the ultimate execution of the derivative transaction takes place.

iv. The Schemes may find it difficult or impossible to execute derivative transactions in certain circumstances. For example, when there are insufficient bids or suspension of trading due to price limit or circuit breakers, the Scheme may face a liquidity issue.

v. The options buyer's risk is limited to the premium paid, while the risk of an options writer is unlimited. However, the gains of an options writer are limited to the premiums earned. Since in case of the Schemes, all option positions will have underlying assets, all losses due to price – movement beyond the strike price will actually be an opportunity loss.

vi. The exchange may impose restrictions on exercise of options and may also restrict the exercise of options at certain times in specified circumstances and this could impact the value of the portfolio.

vii. Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks.

viii. The Schemes bears a risk that it may not be able to correctly forecast future market trends or the value of assets, indices or other financial or economic factors in establishing derivative positions for the Scheme.

ix. The risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and the potential high volatility of the futures markets.

x. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counterparty") to comply with the terms of the derivatives contract.

xi. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates, and indices.

xii. 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.

xiii. 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.

e. Risk Factors on Swing Pricing (applicable to all open ended debt schemes except Overnight Funds, Gilt Fund and 10 year Constant Maturity Gilt Fund):

As per paragraph 5.8 of the Master Circular, the AMC has a Swing Pricing framework in place for open ended debt schemes (except te schemes in the category of Overnight Funds, Gilt Fund and 10 year Constant Maturity Gilt Fund) to help in case of severe liquidity stress at an AMC level or a severe dysfunction at market level, the Swing Pricing offers the contingency plan in case of extreme exigencies.

Swing pricing is a mechanism that allows a mutual fund to adjust the Net Asset Value (NAV) of a scheme to pass on the costs of large-scale investor subscriptions or redemptions to the transacting investors, thereby protecting the interests of remaining investors. Swing pricing shall be made applicable to all unitholders at PAN level with an exemption for redemptions upto Rs. 2 lacs for each scheme

Valuation Risk: There may be a deviation between the swung NAV and the actual value of the portfolio. The methodology used for swinging may not always accurately capture transaction costs or liquidity premiums.

Operational Risk: Implementation of swing pricing involves complex systems and procedures. Any error in calculation, communication, or application may result in unintended NAV adjustments or unfair treatment of investors.

Transparency and Predictability: As swing pricing thresholds and factors may not be publicly disclosed in full detail, investors may face difficulty in estimating the NAV impact at the time of transaction.

Market Behavior Risk: If investors anticipate the application of swing pricing, they may time their transactions accordingly, leading to distortions in fund flows and liquidity management.

Fairness Perception: There is a risk that some investors perceive swing pricing as unfair, especially in the absence of clear understanding or communication about its application.

Investors are requested to review "Swing Pricing Framework" under section "Information pertaining to Investments by the Schemes of the Fund" of this document for applicability of Swing pricing.

f. Risk Factors on Backstop facility in the form of investment in Corporate Debt Market Development Fund ('CDMDF') (Applicable to specified open ended debt schemes): CDMDF is set up as a scheme of the Trust registered as an Alternative Investment Fund ('AIF') in accordance with the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"). The objective of the CDMDF is to help to develop the corporate debt market by providing backstop facility to instill confidence amongst the market participants in the corporate debt/bond market during times of market dislocation and to enhance the secondary market liquidity. In times of market dislocation, CDMDF shall purchase and hold eligible corporate debt securities from the participating investors i.e. Specified Debt-oriented schemes (i.e. Open ended Debt oriented Mutual Fund schemes excluding Overnight funds, Gilt fund, Gilt Fund with 10 year constant maturity, Index funds, ETFs and including Conservative Hybrid funds of Carnelian MF (hereinafter referred to as 'Specified Schemes')) 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 Scheme to generate better liquidity during market dislocation to help the schemes fulfill liquidity obligations under stress situation. In accordance with the requirement of the mutual fund regulation read with SEBI Master Circular, as may be amended from time to time, on Investment by Mutual Fund Schemes in units of CDMDF, the applicable scheme shall invest (as initial contribution) 25 bps of its AUM, in the units of the Corporate Debt Market Development Fund ('CDMDF'). An incremental contribution to CDMDF shall be made every six months (i.e. at the end of half year ended June and December) at the prevalent NAV of the respective Class Units to ensure 25 bps of scheme's AUM is invested in units of CDMDF. However, if AUM decreases there shall be no return or redemption of units from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF. The investments in CDMDF units shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable Investment limits) and the calculations of Potential Risk Class (PRC) Matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDF.

g. Risk factors associated with processing of transaction through Stock Exchange Mechanism:

The trading mechanism introduced by the Stock Exchange(s) is configured to accept and process transactions for mutual fund Units in both Physical and Demat Form. The allotment and/or redemption of Units through NSE and/or BSE or any other recognised 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).

h. Liquidity Risk Management:

Liquidity Risk: 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. AMFI vide Best Practice Circular dated October 12, 2022 has provided the following liquidity management tools. The said tools have been incorporated in the Liquidity Risk Management Policy which has been approved by the Investment Committee of the AMC, the Board of Director AMC and Board of the Trustees of Mutual Fund.

The Liquidity Risk Management tools shall be as under:

Liquidity Management Tool	**Brief Description**
Potential Risk Matrix Circular & Risk-o-meter Circular	The maximum risk that a scheme will run as per design and a measurement of that risk on a regular basis. Remedial measures also in place in case any of the design boundaries are breached.
Liquidity Risk Management Circular	Defines Liquidity Risk arising from the liability side and covers all potential liquidity risk scenarios upto 99% confidence interval. Has remedial measures both for managing this risk on an ongoing basis (LRaR & LCRaR) as well as action plan in case there is a difference between actual outcome and projected outcome.
Stress Testing Circular	Addresses the asset side risk from an Interest Rate, Credit and Liquidity Risk perspective at an aggregate portfolio level in terms of its impact on NAV.
RMC Circular	The RMC circular brings in ALM requirement which addresses potential Liquidity requirement over a 90-day period and required relevant asset side liquidity to be maintained.
Swing Pricing Circular	In case of severe liquidity stress at an AMC level or a severe dysfunction at market level, the Swing Pricing guidelines get triggered which offers the contingency plan in case all else fails.

i. Data Privacy Risk:

The AMC collects and processes personal data of investors for purposes such as KYC, transaction processing and regulatory reporting, in accordance with the Digital Personal Data Protection Act, 2023 ("DPDP Act") and applicable SEBI guidelines. As a data fiduciary, the AMC is committed to handling such data responsibly and only to the extent required by law or investor consent.

However, the risk of unauthorized access, data breaches, or inadvertent disclosure cannot be entirely eliminated. Any such incident involving the AMC, its registrar and transfer agent, or other service providers may attract regulatory scrutiny and could adversely affect investor interests. Investors are encouraged to review the AMC's Privacy Policy for details on data handling practices.

j. Geopolitical and Macroeconomic Risk

Global events such as geopolitical tensions, wars, trade disputes, sanctions, or sovereign defaults can significantly impact financial markets and investor sentiment. Macroeconomic factors including inflation, interest rate movements, currency fluctuations and changes in global capital flows may adversely affect the value of the Scheme's portfolio. Investors should note that such developments are often sudden and beyond the control of the AMC and may result in increased volatility or decline in the NAV of the Scheme.

k. Regulatory and Legal Risk

The Scheme operates within a regulatory framework governed by SEBI, RBI and other applicable authorities. Any change in laws, regulations, circulars, or government policies – including those relating to foreign investment limits, sectoral restrictions, or market structure – may impact the Scheme's investment strategy, portfolio composition, or overall performance. The AMC will endeavour to comply with all applicable regulations; however, the cost or operational impact of such changes may be passed on to investors.

l. Tax Risk

The tax treatment applicable to mutual fund investments, including the taxation of capital gains, dividends and income, is subject to change. Any amendment to tax laws – including retrospective changes – by the Central Government or state governments may alter the post-tax returns for investors. Investors are advised to consult their tax advisors to understand the tax implications of investing in the Scheme, as the AMC does not provide tax advice. The information provided in this document is based on prevailing tax laws and is subject to change without notice.

m. Benchmark Risk

The Scheme measures its performance against a designated benchmark index. There is a risk that the benchmark may be reconstituted, rebalanced, or discontinued by the index provider, or that it may not perfectly represent the Scheme's investment universe or strategy. In such cases, the AMC may, subject to SEBI approval, replace the benchmark with a more appropriate alternative. Investors should note that benchmark comparisons are indicative in nature and do not guarantee similar performance by the Scheme.

n. Cybersecurity Risk

The AMC, its registrar and transfer agent ("RTA") and other service providers rely on technology systems for the processing of transactions, maintenance of investor records and day-to-day fund operations. These systems are exposed to risks including cyberattacks, hacking, ransomware, phishing, system failures and other forms of technology-related disruptions. While the AMC and its service providers maintain cybersecurity controls and business continuity plans, no system can be completely immune to such risks. A significant cybersecurity incident could disrupt fund operations, delay transaction processing, or result in financial or reputational harm. Investors are encouraged to safeguard their own account credentials and report any suspicious activity to the AMC promptly.

o. Emerging Risks

The financial markets and the regulatory environment continue to evolve rapidly. The Scheme may be exposed to risks that are currently not anticipated or fully understood, including but not limited to risks arising from the use of artificial intelligence in financial services, climate-related and environmental risks affecting investee companies, evolving ESG-related disclosure requirements and the development of new financial instruments or market structures. The AMC will endeavour to monitor and manage such risks as they emerge; however, investors should be aware that the nature and impact of these risks may be difficult to predict or quantify at the time of investment.

p. Risks associated with segregated portfolio:

1. Liquidity risk - Segregated Portfolio is created to separate debt and money market instruments affected by a Credit Event from the Main Portfolio of the Scheme. This may reduce the liquidity of the security issued by the said issuer, as demand for this security may reduce. As per SEBI norms, the scheme will be closed for redemption and subscriptions until the segregated portfolio is created, running the risk of investors being unable to redeem their investments. Further, it may be noted that, the proposed segregated portfolio is required to be formed within one day from the occurrence of the credit event. Investors may note that no redemption and subscription shall be allowed in the segregated portfolio. The units of segregated portfolio will be listed on a recognized stock exchange within 10 working days of creation of segregated portfolio. The Fund is not assuring any liquidity of such units on the stock exchange. Further, trading price of units on the stock exchange may be significantly lower than the prevailing NAV. Investors can continue to transact (subscribe/redeem) from the Main Portfolio. There is no assurance that an active secondary market will develop for units of segregated portfolio listed on the stock exchange. This could limit the ability of the investors to resell them.

2. Credit risk - While the AMC will put in sincere efforts to recover the securities in the Segregated Portfolio and distribute the same to unit holders, it is likely that such securities may not realise any value leading to losses to investors.

3. Valuation risk - The valuation of the securities in the segregated portfolio is required to be carried out in line with the applicable SEBI guidelines. However, it may be difficult to

ascertain the fair value of the securities due to absence of an active secondary market and difficulty to price in qualitative factors.

B. Special Considerations

i. Investors may note that AMC/Fund Manager's investment decisions may not be always profitable or prove to be correct.

ii. All the above factors not only affect the prices of securities but may also affect the time taken by the Fund for redemption of units, which could be significant in the event of receipt of a very large number of redemption requests or very large value of redemption requests. The liquidity of the assets may be affected by other factors such as general market conditions, political events, bank holidays and civil strife. Further, the liquidity of the Scheme's investments may be restricted by trading volumes, settlement periods and transfer procedures. In the event of an inordinately large number of redemption requests or of a restructuring of the Scheme's portfolio, the time taken by the Scheme for redemption of Units may become significant. In view of this, the Trustee has the right in its sole discretion to limit redemption (including suspension of redemption) under certain circumstances. Please refer to Section titled "Right to restrict redemption or suspend redemption in the Scheme".

iii. The Scheme(s) may also invest in overseas financial assets as permitted under the applicable regulations. 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.

iv. Redemptions due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any such tax consequences that may arise. The tax benefits described in this document 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. The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the Scheme is wound up for the reasons and in the manner provided in Statement of Additional Information (SAI) / Scheme Information Document. In view of the individual nature of tax consequences, each Unitholder is advised to consult his/ her own professional tax advisor.

v. Mutual Funds are vehicles of securities investments that are subject to market and other risks and there can be no guarantee against loss resulting from investing in the Scheme. The various factors that impact the value of the Scheme's investments include, but are not

restricted to, fluctuations in the bond markets, 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.

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

vii. The AMC and/or its Registrars & Transfer Agent (RTA) reserve the right to disclose/share Unit holder's details to the following but not limited to

a) RTA, Banks and/or authorised external third parties who are involved in transaction processing, despatching etc., of the Unitholder's investment in the Scheme;

b) Distributors or sub-brokers 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.

viii. No person has been authorised to give any information or to make any representations not confirmed in this 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.

ix. Neither the Statement of Additional Information; nor this Scheme Information Document, nor the Application for the Units, nor the Units ("these Documents") have been registered in any jurisdiction. The distribution of these Documents in certain jurisdictions may be prohibited or restricted or subject to registration requirements and accordingly, persons who come into possession of any of these Documents are required to inform themselves about and to observe, any such restrictions. No person receiving a copy of any of these Documents in such jurisdiction may act or treat these Document or any part/portion thereof as constituting an invitation to him to subscribe for Units, nor should he in any event use any such Documents, unless in the relevant jurisdiction such an invitation could lawfully be made to him and such Documents could lawfully be used without compliance with any registration or other legal requirements.

VI.HOW TO APPLY?

New Fund Offer and Fresh/Additional purchase in on going schemes:

- **Physical application forms:** Application Forms will be available at the offices of the AMC, the office of the Registrar (CAMS). The same can also be downloaded from www.carnelianmf.com
- Applications complete in all respects, can be submitted before the closure of business hours at Official Point(s) of Transaction mentioned in the KIM/website.
- For New Fund Offers (NFO) the applications may be submitted within the NFO Period before the closure of the business hours. All correspondence/communication in respect of the folio(s) will be sent by the AMC / Registrar at the registered address/email address/ registered mobile number provided by the User(s).
- The User(s) hereby confirms, acknowledges and undertakes to make payments for the Purchase from their respective bank account(s) (and not by way of third party payments) and that the payment will be through legitimate sources only.
- Payment for the transaction request shall be through a payment gateway of the investor's bank and the AMC / Mutual Fund / Registrar will not be liable for any failures in the link or for any fraud (either at the payment gateway's end and / or the bank's end) that could take place at the time of making payment.
- The User(s) agree and confirm that if at any stage the information provided is found to be incorrect / false / erroneous, the AMC / Registrar reserves the right to, at its sole discretion and in the interest of investors, reject the Registration cum Mandate and refund the Purchase amount or if Units have been allotted, freeze the folio or Redeem the Units at Applicable NAV subject to exit load condition.
- Additionally, the User(s)confirm that the AMC, Registrar or their respective delegates, agents, representatives or service providers, shall under no circumstances be liable for any damages or losses whatsoever whether such damages or losses are direct, indirect, incidental, consequential and irrespective of whether any claim is based on loss of revenue, investment, production, goodwill, profit, interruption of business or any other loss or whatever character or nature whatsoever and whether sustained by the User(s)or any other person, due to:

✓ any negligence / mistake or misconduct by the User(s) and / or for any breach or non-compliance by the User(s) of the provisions of SID or SAI or any other instructions provided by the AMC;

✓ not carrying out any such instructions where the AMC has reason to believe that the instructions given are not genuine or are otherwise improper, unclear, vague or raise a doubt;

carrying out a Transaction after such reasonable verification as the AMC may deem fit regarding the identity of the User(s);

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. 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.

Application Through Common One Time Mandate Registration Facility: Common One Time Mandate registration shall be registered against the PAN/PEKRN of the First Unit holder, which authorizes his/her bank to debit their account up to a certain specified limit per transaction (subject to the statutory limits as applicable from time to time), as and when they wish to transact with the Fund, without the need of submitting cheque or fund transfer letter with every transaction thereafter. This facility currently enables Unit holder(s) of the Fund to start Systematic Investment Plan (SIP) or invest lump sum amounts in the schemes of the Fund wherever subscription is allowed. Currently, this facility is available for transactions made through physical mode & Online modes.

This facility can be availed only if the Investor's Bank is participating in the NACH (National Automated Clearing House) clearing and subject to investor's bank accepting ACH/OTM Registration mandate.

• Mutual Fund shall map the mandate, after due acceptance from investor's bank, as one of the authorised payment modes in the RTA folio records for all investments in Mutual Fund and the above mapping shall be purely based on automatic matching of PAN mentioned in the attached mandate with the first holder's PAN (Guardian's PAN for Minors) in investor's folios.

• Mutual Fund, directly as or through its appointed aggregator (service provider) shall arrange to lodge only the duly valid Mandate with investor's bank under Automated Clearing House (ACH) Rules.

• Any charges payable by the investor to his/her bank for registering and honouring this mandate will not be borne by Carnelian Mutual Fund and for the same to be debited to bank account

• Mutual Fund or its aggregator shall also facilitate collection of periodical or adhoc payments due from the Investor, (either for fresh purchase or additional purchase or SIP investments as the case may be) as per duly lodged and accepted mandate terms. This will be as per specific instructions received from Mutual Fund for the desired adhoc/ periodical transactions instructions issued/conveyed to them directly by the investor through various permitted modes.

• Mutual Fund shall ensure that under any circumstances, the funds will not be used other than for the intended purpose and Mutual Fund shall not have any title or ownership over the proceeds except for the interim period pending pass through to the Mutual Fund.

• As per NPCI, mandate can be registered upto 40 years.

• The investor clearly understands that debit of funds for transactions using Carnelian One Time Mandate form will be subject to normal processing time taken for clearing such transactions through the ACH platform and in accordance with NPCI guidelines.

• Mutual Fund shall be bound by rules and procedures prescribed by NPCI from time to time for this ACH Debit mandate collection services operated by them.

• The investor cannot hold the Mutual Fund or the aggregator responsible for any loss, if mandate is rejected or any of its transaction is delayed or not effected at all for reasons of incomplete or incorrect information or due to any reason at or of the investor bank.

• Mutual Fund will not be responsible or liable for nor be in default for reasons of any failure or delay in ensuring obligations under this facility, where such failure or delay is caused, in whole or in part, by any force majeure event (including network failures) which are beyond the reasonable control of Mutual Fund.

• The investor clearly understands that this common ACH mandate provides for multiple debits on same settlement date to pay various underlying transactions for values, each of which shall be less or equal to the maximum amount specified in the relevant mandate. Accordingly, the investor shall ensure that the intended bank account remains funded well in advance of any given date to meet all his adhoc/periodical commitments for transactions under the relevant mandates. Investor shall note that his bank may charge service fees for any dishonor.

• All the intended transactions will be presented on best efforts basis if received by and within the timelines agreed by the service provider and the decision of the investor's bank will be final in acceptance or rejection of any or all transactions.

• Mutual Fund shall recover any wrongful credits accorded in investor's folios and for which notice/information is hereby waived.

• The Scheme Information Document (SID), Scheme Additional Information (SAI) and Key Information Memorandum (KIM), all Instructions, Addenda issued from time to time, as available on the Mutual Funds' website, Risk Factors, Loads and all other information related to various requirements of the respective Scheme/Plan shall be understood and referred to before providing the mandate by the investor. It is deemed that the investor agrees to the terms and conditions of the respective chosen scheme as stipulated by AMC from time to time. The User(s) agree and confirm that they will promptly inform the AMC/Registrar in writing of any change in the bank account number, mobile number or email address provided in the Registration cum Debit Mandate

• Non-compliance with the instructions, terms and conditions, confirmations, declarations or authorizations set out in the OTM and Registration form.

• any system failure of the concerned bank through which the User has availed this facility;

• Disclosing or failing to take all reasonable steps to prevent disclosure of the access Details to anyone and/or failing to advise the AMC of such disclosure within reasonable time; and

• Breach of any Instructions provided in the OTM.

• The responsibility of the information provided in application form for the facility solely rests with the User(s) and the AMC / Mutual Fund / Registrar will not be responsible or liable for any loss, claims, liability that may arise on account of any incorrect and / or erroneous data / information supplied by the User(s)

Application form for transaction execution (including subscription / redemption / switches) in the schemes of Carnelian Mutual Fund would be available at the offices of the Distributors, Official points of acceptance of transactions, at the corporate office of the AMC and / or the Investor Service Centres of the Registrar during business hours. The same can also be downloaded from the website of Mutual Fund, www.carnelianmf.com.

Applications complete in all respects, may be submitted before 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), or may be sent by registered post to the Registrar - Computer Age Management Services Pvt. Ltd. (CAMS) at its office located at No. 178 / 10 M G R Salai (Kodambakkam High Road), Opposite to Hotel Palmgrove, Nungambakkam, Chennai – 600034 or at the AMC at 1211/ 1212, One Lodha Place, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400013, Maharashtra, India.

The AMC reserves the right to reject transaction requests which do not have adequate information.

Kindly retain the acknowledgment slip initialled/time-stamped by the collecting entity.

Investors may note and follow the below-mentioned directions while applying for the units of the schemes of Carnelian Mutual Fund:

(1) In case of direct applications, the Investor may mention in the space provided for the broker code "Direct Application" or "Not Applicable (N.A.)" or leave it blank.

(3) List of Official Points of Acceptance is available on the website of the Mutual Fund www.carnelianmf.com

Mandatory Quoting of Bank Mandate by Investors

As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account numbers in their applications and therefore, investors are requested to fill-up the appropriate box in the application form failing which applications are liable to be rejected.

The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and delay/loss in transit.

PAN & KYC REQUIREMENTS FOR SUBSCRIPTION

It is mandatory for all investors (including joint holders, NRIs, POA holders and guardians in the case of minors) to furnish such documents and information as may be required to comply with the Know Your Customers (KYC) policies under the AML Laws. Applications

without such documents and information may be rejected. In terms of SEBI circulars dated April 27, 2007, April 03, 2008 and June 30, 2008 read with SEBI letter dated June 25, 2007, Permanent Account Number (PAN) would be the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction, except (a) investors residing in the state of Sikkim; (b) Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government) and (c) investors participating only in micro-SIP. AMFI Guidelines for Uniform Implementation of SEBI letter dated June 19, 2009 on exemption of PAN for Systematic Investment Plans (SIP) upto Rs. 50,000 per year per investor. However, PIOs, HUF and other categories of investors will not be eligible for this exemption. SEBI, in its subsequent letters dated June 19, 2009 and July 24, 2012 has conveyed that systematic investment plans (SIP) and lumpsum investments (both put together) per mutual fund up to Rs.50,000/- per year per investor shall be exempted from the requirement of PAN.

The Fund shall perform the initial KYC / due diligence of its new investors and may undertake enhanced KYC measures commensurate with the risk profile of its investors. Registrar & Transfer Agent (RTA) of Invesco Mutual Fund ("the Fund") may also undertake the KYC of the investors on behalf of the Fund. The Fund/ RTA shall upload the KYC information of the investors on the system of CERSAI (Central Registry of Securitisation Asset Reconstruction and Security Interest). For complete documentation CERSAI will send email/ SMS containing KYC identification number (KIN) to investors as per their email / mobile records. However, as per SEBI Master circular dated October 12, 2023, all investors has to complete the new CKYC registration. In case KYC documents are incomplete, the investors will have to submit necessary documents as required by CERSAI.

Transactions through Exchange Platform in demat mode, the KYC formalities carried out by the Depository Participant in accordance with guidelines issued by SEBI, will be considered.

Accordingly, investments in Carnelian Mutual Fund (including SIP investment where the aggregate of SIP instalments in a rolling 12 months' period or in a financial year i.e. April to March) of upto Rs 50,000/- per investor per year shall be exempt from the requirement of PAN. However, eligible Investors (including joint holders) should comply with the KYC requirement through registered KRA by submitting Photo Identification documents as proof of identification and the Proof of Address [self-attested by the investor / attested by the ARN Holder/AMFI distributor]. These exempted investors will have to quote the "PEKRN (PAN exempt KYC Ref No) in the application form. This exemption of PAN will be applicable only to investments by individuals (including NRIs but not PIOs), joint holders, Minors and Sole proprietary firms. PIOs, HUFs and other categories of investors will not be eligible for this exemption.

Thus, submission of PAN is mandatory for all other investors existing as well as prospective investors (except the ones mentioned above) (including all joint applicants/holders, guardians in case of minors, POA holders and NRIs but except for the categories mentioned

above) for investing with mutual funds. All investments without valid KYC (for all holders, including Guardians and POA holders) are liable to be rejected.

What does each KYC status imply:

KYC Validated – The investor can do any transaction in any mutual fund, anytime.

KYC Registered -

- The investor can continue making transactions (like Purchases, Redemptions, Switches, SIPs, etc.) in all your existing Mutual Fund investments without any hassle.
- Only if the investor wants to invest in a mutual fund where they don't have any investment already, then they will have to do KYC once again.
- The investor can get their KYC status changed to 'KYC Validated' by doing the KYC Update/ KYC Modification process using PAN and Aadhaar from XML, Digi-locker or M-Aadhaar.
- The process to do this is simple, available on all Mutual Fund/RTA websites and takes few minutes to complete.
- Once the KYC status changes to Validated the investor you invest in any Mutual Fund of their choice without any requirement of re-KYC.

KYC On-Hold/Rejected

- The KYC status on the Mutual Fund /RTA website, will show the reason for 'KYC On-Hold'/Rejected status; it could be: PAN Validation Failure/Mobile and Email not validated / Deficiency in the KYC documents, etc.
- The investor simply have to remediate the reason for KYC On-Hold/Rejected by following the steps given on the Mutual Fund Website. Once the KYC status changes to Registered/Validated the investor will be all set to start transacting, as per the KYC status.

The steps to resolve any KYC issues are easy and in case of any difficulties, the investors can contact intermediaries or KRAs office/ helpline (available on their website) for further assistance.

Application Forms without quoting of PEKRN shall be considered incomplete and are liable to be rejected without any reference to the investors. The procedure implemented by the AMC and the decisions taken by the AMC in this regard shall be deemed final.

Know your Customer (KYC) Procedure:

All the prospective and existing investors / Unit holders of the Fund are requested to note that, pursuant to SEBI Master Circular on Know Your Client (KYC) norms for the securities market dated October 12, 2023 regarding uniformity in KYC process in the securities market

and development of a mechanism for centralization of the KYC records, the following KYC procedure is being carried out:

Requirement of PAN:

In order to strengthen the KYC norms and identify every participant in the securities market with their respective PAN thereby ensuring sound audit trail of all the transactions, PAN shall be the unique identification number for all participants transacting in the securities market, irrespective of the amount of transaction.

The registered intermediaries shall verify the PAN of their clients online at the Income Tax website without insisting on the original or copy of PAN card. Permanent Account Number (PAN) is mandatory for all the purchases/additional purchases irrespective of the amount of investments for all the existing and prospective investors (including NRIs) including joint holders and guardians in case of investments by Minors.

The following are exempted from the mandatory requirement of PAN:

a. Transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc. (under the category of Government) for transacting in the securities market.
b. Investors residing in the state of Sikkim
c. SIP of Mutual Funds upto ₹50,000/- per year.

Exempted investors are required to provide alternate proof of identity in lieu of PAN for KYC purposes and are allotted PAN-exempt KYC Reference Number (PEKRN).

No investments (Systematic transaction, lumpsum, redemption) shall be permitted in such folios wherein PAN/ PEKRN details are not available.

List of documents considered as Officially Valid Documents for Proof of Identity (POI) and Proof of Address (POA) as per Master circular on KYC: Following documents are officially Valid documents (OVDs). It may be also noted that Officially valid document (OVD) is defined as per Rule 2 (d) of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules):

For Resident Investors:

Sr. No	OVD's for Proof of Identity (POI)	OVD's for Proof of Address (POA)
1	the passport;	the passport;
2	the driving license;	the driving license;
3	proof of possession of Aadhaar number	proof of possession of Aadhaar number
4	the Voter's Identity Card issued by Election Commission of India	the Voter's Identity Card issued by Election Commission of India

5	job card issued by NREGA duly signed by an officer of the State Government;	job card issued by NREGA duly signed by an officer of the State Government;
6	the letter issued by the National Population Register containing details of name address	the letter issued by the National Population Register containing details of name address
7	any other document as notified by the Central Government in consultation with the Regulator	any other document as notified by the Central Government in consultation with the Regulator

* In case the officially valid document furnished by the client does not contain updated address, these documents (or their equivalent documents thereof) shall be as deemed to be officially valid document (Deemed OVDs) for the limited purpose of proof of address, provided that the client shall submit updated officially valid document (or their equivalent e-documents thereof) with current address within a period of three months of submitting the following documents:

For Non- Resident Investors:

- For non-residents and foreign nationals, (allowed to trade subject to RBI and FEMA guidelines), copy of passport/Persons of Indian Origin (PIO) Card/Overseas Citizenship of India (OCI) Card and overseas address proof is mandatory.
- In case the officially valid document presented by a foreign national does not contain the details of address, the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.
- If any proof of address is in a foreign language, then translation into English shall be required

Foreign Investors:

The Know Your Client (KYC) requirements in case of foreign investors viz. Foreign Portfolio Investors (FPIs), are as specified in SEBI Master Circular dated March 20, 2026, shall be considered for the purpose of identification of beneficial ownership of the investor.

Restriction on Acceptance of Third-Party Payments for Subscription of Units

The AMC/ Carnelian Mutual Fund ("Mutual Fund") shall not accept applications for subscriptions of units accompanied with Third Party Payments except in cases as enumerated here below.

"Third Party Payment" means payment made through an instrument issued from a bank account other than that of the beneficiary investor i.e. first named applicant/investor mentioned in the application form. 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.

For example:

Illustration 1: An Application submitted in joint names of A, B & C along with cheque issued from a bank account in names of C, A & B. This is a valid application.

Illustration 2: An Application submitted in joint names of A,, B & C along with cheque issued from a bank account in names of B, C & Y. This is an invalid application.

Illustration 3: An Application submitted in joint names of A, B & C along with cheque issued from a bank account in name of A. This is a valid application.

Following are the **exceptional cases** where third party payments will be accepted subject to submission of requisite documentation/declarations:

i) Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding ₹50,000 (each regular purchase or per SIP instalment). However, this restriction will not be applicable for payment made by a guardian whose name is registered in the records of Mutual Fund in that folio.
ii) Payment by employer on behalf of employee under Systematic Investment Plan (SIP) facility or lumpsum payment/onetime subscription through payroll deductions or deductions out of expense reimbursements.
iii) Custodian on behalf of an FPI or a Client.
iv) Payment by an AMC to an empanelled Distributor on account of commission/incentive etc. in the form of the Mutual Fund units of the schemes managed by such AMC through SIP or lump sum / one-time subscription, subject to compliance with SEBI Regulations and Guidelines issued by AMFI, from time to time.
v) Payment by Corporate to its Agent / Distributor / Dealer (similar arrangement with Principal agent relationship) on account of commission / incentive payable for sale of its goods / services, in the form of the Mutual Fund Units through Systematic Investment Plan or lump sum / onetime subscription, subject to compliance with SEBI Regulations and Guidelines issued by AMFI, from time to time.

Investors submitting their applications under **'exceptional cases'** are required to comply with the following requirements, without which applications for subscriptions for units will be rejected/not processed and refunded/returned. In case of rejection the money shall be refunded without interest from the date of submission of transaction.

(i) KYC is mandatory for all investors (guardian in case of minor) and the person making the payment i.e. third party.

(ii) The said Declaration Form shall, inter alia, contain the details of the bank account from which the payment is made and the relationship with the investor(s). Please contact the nearest Investor Service Centre of Carnelian Mutual Fund or visit our website – www.carnelianmf.com for the said Declaration Form.

The Mutual Fund shall adopt the following procedures to ascertain whether payments are Third Party Payments and investors are therefore required to comply with the requirements specified herein below.

(i) Source of funds - if paid by cheque

An investor at the time of his/her purchase of units must provide in the application form the details of his pay-in bank account (i.e. account from which the subscription payment is made) and his pay-out bank account (i.e. account into which redemption/IDCW proceeds are to be paid).

Identification of third-party cheques by the AMC/Mutual Fund/Registrar & Transfer Agent (R&TA) will be on the basis of matching of the bank account number/name/signature of the first named applicant/ investor with the name/account number/signature available on the cheque. If the name is not pre-printed on the cheque, then the first named applicant/investor should submit any one of the following documents:

(a) a copy# of the bank passbook or a statement of bank account having the name and address of the account holder and account number;
(b) a letter* (in original) from the bank on its 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).

Investors should also bring the original documents along with the documents mentioned in (a) above to the ISCs/OPAT. The copy of such documents will be verified with the original documents to the satisfaction of the AMC/Mutual Fund/ R&TA. The original documents will be returned across the counter to the investor after due verification.

***** In respect of (b) 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, Proof of such change in bank details must be mandatorily submitted alongside the application form/ transaction form for subscription of units. Alternatively, they may be updated in the records by using the change of bank mandate form /registration of multiple bank details form as available on our website www.carnelianmf.com.

(ii) Source of funds - if funded by pre-funded instruments such as Pay Order, Demand Draft, Banker's cheque etc.

Investors should attach a Certificate (in original) from the issuing banker with the purchase application, stating the Account holder's name and the Account Number which has been debited for issue of the instrument. The said Certificate should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number. The account number mentioned in the Certificate should be a registered bank account or the first named applicant/investor should be one of the account holders to the bank account debited for issue of such instruments.

<u>(a) Payments towards subscription of Units - DD issued against debit to investor's bank account:</u>

Where an investor subscribes for units vide a DD issued by way of debit to his / her bank account, the investor shall submit any one of the following additional documents along with the application form:

- A proof of debit to the investor's bank account in the form of a bank manager's certificate with details of account holder's Name, bank account number and PAN as per bank records, if available.
- A copy of the acknowledgement from the bank, wherein the instructions to debit carry the bank account details and name of the investor as an account holder are available.

A copy of the passbook/bank statement evidencing the debit for issuance of a DD

(b) Source of funds – if paid by a pre-funded instrument issued by the Bank
The AMC/Mutual Fund/R&TA will accept any purchase applications from investors if accompanied by a prefunded instrument issued by a bank The investor has to mandatorily submit a Certificate (in original) obtained from the bank giving name, address, Bank account number and PAN of the person who has requested for the payment instrument. The said Certificate should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number. The AMC/Mutual Fund/R&TA will check that the name mentioned in the Certificate matches with the first named investor.

In both the instances mentioned above, the examples as shown above, that such bank account number of the investor is the same as the / one of the registered bank account mandate(s) with the fund or the bank details mentioned in the application form.

In case the application for subscription does not comply with the above provisions, the AMC/Trustee 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.

(iii)Source of funds - if paid by RTGS, Bank Account-to-Account Transfer, NEFT, OTM etc.
Investors should attach a copy of the payment instruction issued in favour of scheme along with the purchase application form The payment instruction should contain debit account details of the investor. The account number mentioned on the payment instruction copy should be a registered bank account or the first named applicant/ investor should be one of the account holders to the bank account debited for such electronic transfer of funds.

Multiple Bank Accounts:

Unitholders shall have the facility to register multiple bank accounts at folio level - upto a maximum of 5 bank accounts, in case of Individual and HUF Investors and upto 10 bank accounts in case of Non-Individual Investors. Such facility can be availed by submitting duly filled in "Multiple Bank Account Registration form" at the Investor Service Centre closest to you, along with proofs of the following documents as per the table below:

1. Any one of the below mentioned documents has to be submitted as proof for both old and new bank mandate.

Old Bank Proof Documents	New Bank Proof Documents
Original cancelled cheque bearing account number and first unit holder name on the face of the cheque.	Original cancelled cheque bearing account number and first unit holder name on the face of the cheque.
Original bank account statement / Certified copy of the bank account statement.	Self-attested copy of bank account statement not older than 3 months.
Certified copy of the bank passbook duly attested by branch manager/authorized personnel with his/her full signature, name, designation, employee code, and bank seal.	Self-attested copy of bank passbook with current entries not older than 3 months.
Original account closure confirmation letter given by the bank on their letterhead.	Bank confirmation letter duly signed by branch manager/authorized personnel with his/her full signature, name, designation, employee code, and bank seal.
Bank letter (in specified format) confirming bank account details, duly signed by branch manager/authorized personnel with his/her full signature, name, designation, employee code, and bank seal.	Nil

2. The name printed on the cancelled cheque/bank passbook/bank account statement/bank's letterhead should be same as per the folio.

3. In case, photocopies of the above stated documents are submitted without self-attestation, investor must produce original for verification to the AMC branch or official point of acceptance of transactions.
4. In absence of any of the old bank proofs as listed under point 1, unit holder is required to visit their nearest AMC/ CAMS Service center for In-Person Verification (IPV) along with valid identity proof.
5. The AMC / Fund may call for any additional documents, if required.
6. The new bank account mentioned in this form will be registered as the default account in case the investor has not submitted his preferred default bank
7. Unit holder(s) must sign on the change of bank request as per the holding pattern in the folio.
8. Non-Resident Individuals needs to mandatorily provide NRO or NRE Bank account details.
9. In case of receipt of standalone Redemption request in next 10 calendar days or along with change of bank mandate request , we may hold the redemption pay-out for 10 calendar days, as cooling period. The pay-out will then be made on the 11th calendar day. If the 11th calendar day is a holiday / non-transaction day, then the redemption pay-out will be made on the next working day.
10. If the IMPS validation of the investor's account fails, payment will be made through cheque and dispatched to the investors' registered address in the folio

Transactions through Stock Exchange Mechanism

The Board of the AMC & Trustee had introduced the facility for purchase / redemption of units of eligible schemes through the NSE MFSS platform/ BSE Star MF platform.

Pursuant to clause 17.2 of SEBI Master Circular dated March 20, 2026, the Board of Director of the AMC & Trustee have decided that:

The units of Mutual Fund schemes may be permitted to be transacted through the following registered entities.

Entity type	Permitted activity
Stock Brokers registered with recognized Stock Exchanges	Purchase & Redemption
Clearing Members of recognized Stock Exchanges	Purchase & Redemption
Depository Participants (DPs) registered with recognized Depositories	Redemption only (for units held in demat form)

The above entities shall be eligible to be considered as "Official Points of Acceptance

Open ended Schemes of Carnelian Mutual Fund have been enabled on NSE MFSS/BSE STAR MF Platform. Further, close ended schemes are listed on Bombay Stock Exchange/National Stock Exchange as may be stated in the scheme related documents.

Investors transacting through such NSE MFSS/ BSE STAR platform and such schemes which are listed on the Stock Exchanges will have to additionally comply with norms/rules as prescribed by Stock Exchange(s). In case the application for subscription does not comply with the above provisions, the AMC/Trustee 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.

SEBI, vide its Circulars dated October 4, 2013 and December 9, 2014, has permitted Mutual Fund Distributors (MF Distributors) to use recognized Stock Exchange infrastructure to purchase/redeem units directly from Mutual Fund/AMC on behalf of their clients. Following guideline shall be applicable for transactions executed through MF Distributors through the Stock Exchange Mechanism:

1. MF Distributor 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 Carnelian Mutual Fund (Carnelian MF).

2. MF distributors shall not handle pay out/pay in of funds as well as units on behalf of investor.

3. Pay in will be directly received by recognized clearing corporation and payout will be directly made to investor account. In the same manner, units shall be credited and debited directly from the demat account/Folio of investors in case of Demat/Non-demat transactions respectively.

I. Subscription / redemption of units

The following provisions shall be applicable with respect to investors having demat account and purchasing/redeeming mutual fund units through stock exchange brokers and Clearing members:

(i) Investors shall receive redemption amount (if units are redeemed) directly in investor's account and units (if units are purchased) shall be credited to the respective investor's demat account.

(ii) The AMC / Mutual Fund shall be discharged of its obligation of payment to the investors immediately on making payment of the redemption proceeds. In case of purchase of units, crediting units to individual investor.

II. Participants to be Official Points of Transaction

Participant (Clearing members and Depository participants) intending to extend the transaction in eligible schemes of Carnelian Mutual Fund through stock exchange mechanism shall be required to comply with the requirements specified in Clause 17.2 of SEBI Master Circular dated March 20, 2026 for stock brokers viz. AMFI /NISM certification, code of conduct prescribed by SEBI for Intermediaries of Mutual Fund. All such participants will be eligible to be considered as Official Points of acceptance.

The transactions carried out on the above platform shall be subject to SEBI (Mutual Funds) Regulations, 2026 and circulars / guidelines issued hereunder from time to time.

Mutual Fund Distributors

Mutual Fund Distributors (MF Distributors) are permitted to use recognised Stock Exchange infrastructure to purchase/redeem units directly from Mutual Fund/AMC on behalf of their clients.

Following guideline shall be applicable for transactions executed through MF Distributors through the Stock Exchange Mechanism:

1. MF Distributor 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 Carnelian Mutual Fund (CARNELIAN MF).
2. MF distributors shall not handle pay out/pay in of funds as well as units on behalf of investor.

Pay in will be directly received by recognized clearing corporation and payout will be directly made to investor account. In the same manner, units shall be credited and debited directly from the demat account/Folio of investors in case of Demat/Non-demat transactions respectively.

Transaction through MFU portal

The AMC had entered into an Agreement with MF Utilities India Private Limited ("MFUI"), a SEBI registered Category II Registrar to an Issue, for usage of MF Utility ("MFU") - a shared services initiative of various asset management companies of mutual funds in India, which acts as a transaction aggregation portal for transacting in multiple schemes of various mutual funds in India with a single form and a single payment instrument.

Investors / prospective investors can submit the applications / requests for all financial and non-financial transactions in the schemes of Carnelian Mutual Fund through MFU. Investors / prospective investors desirous to route their transactions through MFU can submit the physical applications / requests at any of the authorised Point of Service locations ("POS") designated by MFUI from time to time. In addition to the same, investors can also submit the transactions electronically on the online transaction portal of MFUI (www.mfuonline.com).

The AMC hereby declares all the authorised MFUI POS designated by MFUI from time to time as the Official Points of Acceptance of Transactions ("OPAT") of CARNELIAN MF effective February 06, 2017 (Friday) in respect of the transactions in the schemes of CARNELIAN MF routed through MFU by the investors / distributors. Additionally, the online transaction portal of MFUI (www.mfuonline.com) will also be an OPAT of CARNELIAN MF from the date the transaction facility is made available by MFUI on the said portal.

All the authorized MFUI POS designated by MFUI from time to time shall be the Official Points of Acceptance of Transactions ("OPAT") of Carnelian MF in respect of the transactions in the schemes of Carnelian MF routed through MFU by the investors / distributors. Additionally, the online transaction portal of MFUI (www.mfuonline.com) will also be an OPAT of Carnelian MF.

The "cut off time" as mentioned in the respective Scheme Information Documents shall be reckoned at the above OPATs also.

For facilitating transactions through MFU, Carnelian MF / AMC will be required to furnish and disclose certain information / details about the investor(s), which may include certain personal information including financial information, with MFUI and / or its authorised service providers. Investors transacting through MFU shall be deemed to have consented and authorised Carnelian MF / AMC to furnish and disclose all such information to MFUI and/or its authorised service providers as may be required by MFUI from time to time.

The transactions routed through the MFU shall be subject to the terms & conditions as may be stipulated by MFUI / AMC / Carnelian MF from time to time. Further, investments in the schemes of Carnelian MF routed through MFU shall continue to be governed by the terms and conditions stated in the Scheme Information Document of the respective scheme(s).

Investors may contact the Customer Care of MFUI on 02271791111 (during the business hours on all days except Sunday and Public Holidays) or send an email to

clientservices@mfuindia.com for any service required or for resolution of their grievances in respect of their transactions routed through MFU.

REPURCHASE

The units of the Scheme can be redeemed / repurchased (sold back to the Fund) on any business day. The redemption request can be made on Application Form/Common Transaction form or by using the relevant tear off section of the Transaction Slip that may be enclosed with the Account Statement, which should be submitted at any of the Official Point of Acceptance of Transaction. Where the date of redemption is a non business day, the deemed date for such redemption will be the next business day.

The Fund shall dispatch redemption proceeds within 3 working days from the date of receipt of valid redemption request at the Official Points of Acceptance of Transactions (except in case of schemes investing at least 80% of total assets in permissible overseas investments where timeline shall be 5 working days).

Investors may note that 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 SEBI Master Circular for the Mutual Fund, the AMC may follow the following –

Exceptional situations and additional timelines for making redemption payment

In accordance with AMFI vide its communication no. AMFI/ 35P/ MEM-COR/ 74 / 2022-23 dated January 16, 2023, read with Paragraph 15.3.3 of SEBI Master Circular dated March 20, 2026 for Mutual Funds, the redemption or repurchase proceeds shall be dispatched to the unitholders within 3 working days from the date of redemption or repurchase.

As per the list provided by AMFI following are the exceptional situations and additional timelines for making redemption payment:

Exceptional Situations	Additional Timelines allowed
Payment of redemption proceeds through physical instruments (Cheque/DD) where electronic fund transfer is not possible	Additional 2 working days
Redemption in case of funds where payout schedule of underlying instruments / funds is different	Additional 1 working day after receiving proceeds from underlying instruments/ schemes for electronic payouts. For physical payouts, i.e., issuance and dispatch of cheque/ DD, additional days as per above would also be allowed, after receiving proceeds from underlying instruments/ schemes.

Exceptional Situations	Additional Timelines allowed
On such days, where it is a bank holiday in some or all the states, but a business day for the stock exchanges.	Additional 1 working day following the bank holiday(s) in the State where the investor has bank account.
Exceptional circumstances such a sudden declaration of a business day as a holiday or as a non-business day due to any unexpected reason/Force Majeure events	In all such exceptional situations, the timelines prescribed shall be counted from the date the situation becomes normal
In all such cases where a request for Change of Bank account has been received just prior to (upto 10 days prior) OR simultaneously with redemption request	In all such cases, the AMCs/RTAs can make the redemption payment after the cooling off period of 10 days from the date of receipt of change of bank mandate ("COBM"). The redemption transaction shall be processed as per the applicable NAV on the basis time stamp. The credit may either be given in the existing bank account or the new bank account post due diligence within 1 working day after cooling off period.
Need for additional due diligence in instances such as Transmission reported in one fund, but not in the current fund, proceedings by Income Tax authorities, Folio under lock/bank lien etc	Additional 3 working days.

In the event of failure to dispatch the repurchase or repurchase proceeds within the statutory period specified above as per the SEBI Regulations, the AMC shall be liable to pay interest to the unit holders at such rate (currently 15% per annum) as may be specified by SEBI for the period of such delay.

Transaction through MF Central Platform

MF Central platform enables a user-friendly digital interface for investors for execution of mutual fund transactions for all Mutual Funds in an integrated manner subject to applicable terms and conditions of the Platform. MF Central can be accessed using https://mfcentral.com/. Any registered user of MF Central, requiring submission of physical document as per the requirements of MF Central, may do so at any of the designated Investor Service centres or collection centres of Kfintech or CAMS.

Pursuant to paragraph 9.4.3 of SEBI Master Circular dated March 20, 2026, the cut-off timing for valid redemption/ switch-out requests received through online mode in Carnelian Overnight Fund ('the Scheme') shall be 7:00 p.m. instead of existing 3:00 p.m.

TRANSACTIONS THROUGH E-TRANSACT (EMAIL FACILITY)

Transaction through e-mail ("the facility") is available for non-individual Investors intending to transact in the Schemes of Carnelian Mutual Fund, by sending scanned copies of transaction request through e-mail.

etrxn@Carnelianamc.com is the email ids designated for acceptance of financial transactions/OPAT

Transaction requests will be deemed to be valid only if the applications along with the relevant supporting documents, are received on the above listed email ids.

Unitholders who wish to avail this facility may contact/visit our branch offices for more information.

Terms & Conditions for availing Transaction through e-mail facility:-

1) The facility is available only for non-individual investors for the financial transactions i.e. purchase, redemptions and switches from the existing folio of the Investor.

2) For acceptance of financial transactions through email, the Unitholder shall submit the transaction along with a copy of the board resolution or an authority letter on the Unitholder's letterhead with wet signatures, granting appropriate authority to the designated officials of the Unitholder. The board resolution/ authority letter shall explicitly mention the following:

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

3) In addition to the acceptance of financial transactions via email, scanned copy of transaction form/request letter bearing wet signatures of the authorized signatories of the Unitholder, received from -

(i) some other official / employee of the Unitholder may also be accepted, and shall be binding on the Unitholder provided -

- The email is also CC'd (copied) to the registered email ID of the authorized officials / signatory of the Unitholder and
- the domain name of the email ID of the sender of the email is from the same Unitholder organization's official domain name.

(ii) a registered mutual fund distributor of the Unitholder or a third party duly authorized by the Unitholder may also be accepted subject to:

- submission of a letter from the Unitholder authorizing the MFD/ any third party to send the scanned copies of signed transaction form/request letter on behalf the Unitholder.
- the Unitholder's registered email ID is also CC'd (copied) in the email sent by the MFD/third party sending the scanned copies of the duly signed transaction form/request letter.

4) In case the transaction is executed electronically with a valid DSC or through Aadhaar based e-signatures of the authorized official/s, shall be considered valid, and the same shall be binding on the Unitholder even if the same is not received from the registered

email ID of authorized officials. However, the domain name of the email ID through which such email is received should be the same as the Unitholder's official domain name.

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 Unitholder shall be permitted only via the prescribed service request form duly signed by the Unitholder's authorized signatories with wet signature of the designated authorized officials.

6) Documents or forms shall be accepted only if they are in PDF or JPG or JPEG format. the AMC will acknowledge the receipt of the application/requests over mail.

7) In the event of any change in authorized persons/signatories / registered email address/contact details of the authorized persons/signatories of the Unitholder and/or its authorized persons/signatories, the Unitholder shall immediately inform the AMC about the change only through a physical letter (including scan copy thereof) with wet signature of the designated authorised officials of the Unitholder, duly supported by copy of Board resolution /authority letter on the Unitholder's letter head.

8) The Unitholder confirms that particulars provided are correct and that the officials have the necessary power and authority to transact in the Schemes of Carnelian Mutual Fund. If the transactions are delayed or not effected for reasons such as incomplete or incorrect or inaccurate information, the Unitholder agrees not to hold the AMC responsible for any consequences arising thereof.

9) the AMC would not be responsible for errors or omissions in processing application for financial transactions received over mail including non-allotment of units. Unitholders are responsible for ensuring the accuracy and completeness of the application for financial transactions.

10) The Unitholder agrees that allotment of units will be effected as per the terms and conditions mentioned in the Statement of Additional Information / Key Information Memorandum of eligible schemes.

11) The Unitholder agrees that the AMC/RTA shall not be liable for, nor be in default by reason of, any failure or delay in execution of a transaction request, where such failure or delay is caused by force majeure events, or any other cause of peril which is beyond the AMC's reasonable control and which has the effect of preventing the AMC to perform the services contemplated under this facility.

12) the AMC /RTA shall not be liable for, nor be in default in case the application for financial transaction sent or purported to be sent over mail by the Unitholder is not received or received with a delay where reasons for such delay is beyond the AMC/ RTA's reasonable control.

13) The Unitholder further agrees that the AMC shall not be liable for any loss suffered by the Unitholder by reason of the AMC and its officials in good faith accepting and acting

on email transaction requests including relying upon such transaction requests purporting to come from the Unitholder.

14) The Unitholder agrees to ensure that the standing instruction to the AMC remains valid at all times and may be revoked only through a written letter signed by authorized signatories and after giving prior notice of 15 days to the AMC to effect such withdrawal.

15) The Unitholder agrees that the AMC will not be liable to the Unitholder for any damages whether direct or indirect, consequential or special, exemplary or punitive losses, costs or injury suffered, by the Unitholder, or by others, related to the use or cancellation of this facility.

16) The Unitholder confirms that the scan copy of transaction provided by e-mail will be held on records by the AMC and the same shall be conclusive proof and binding for all the purposes and may be used as evidence in any proceeding.

17) The Unitholder agrees that it shall be its sole responsibility to ensure protection, access control and confidentiality of e-mail inbox of the authorized person and any breach / compromise thereof shall be entirely at the Unitholder's risk. Further,

(i) the Unitholder agrees and acknowledges that any transaction, undertaken using the authorized person's e-mail ID shall be deemed to be that of the Unit holder.

(ii) the Unitholder shall ensure necessary safeguards/measures are in place to ensure the security of email communication.

(iii) the Unitholder availing the facility for submitting the financial transactions via email shall retain records of such transactions in line with the applicable laws/regulations.

18) The Unitholder agrees and acknowledges that the transaction transmitted or submitted through email/scan copy carries risk. The AMC may act upon the instruction received under this facility and shall not be held responsible if the transaction is unauthorised, fraudulent or mistakenly sent. The Unitholder acknowledges that sending of transactions requests through e-mail is not a secure means of giving transaction requests and may be subject to tampering and unauthorised access, fraudulently or mistakenly written, altered or sent, not be received in whole or in part by the intended recipient, may reach the AMC in a jumbled state or in a manner or shape that it may be misunderstood. The Unitholder acknowledges that the AMC shall not be responsible in any manner whatsoever including but not limited to breach of confidentiality.

19) On receipt of an Instruction/transaction request that purports to have been properly transmitted or authorized by the Unitholder, the Unitholder acknowledges that the AMC may rely on that Instruction/transaction request on an 'as is' basis and shall not be obliged to make any further enquiries and verification as to the identity of the person giving Instructions or make any independent investigation of the authority given to such person, or to verify the genuineness of any signature(s) which in the AMC's opinion appears to be that of the person(s) authorized by the Unitholder to submit such email instructions/transactions.

20) The Unit holder agrees and confirms that the AMC may, in its sole discretion, not process the transaction requests if the AMC has the reason to believe that (a) such request(s)

are unclear and/or ambiguous and/or (b) processing the requests is not in the interest of the Unitholder or (c) is contrary to Regulation/SIDs/amendments to the SID. The decision of the AMC in this regard and all actions pursuant thereto shall be conclusive and binding on the Unitholder. The Unitholder further agrees, undertakes and acknowledges that it shall be bound by the AMC's interpretation of any transaction request and the actions undertaken by the AMC pursuant thereto.

21) The AMC further reserves the right to accept / reject any transaction after carrying out the necessary validations. The AMC reserves the right to request additional information or verification before processing a transaction.

22) The Unitholder shall be responsible for all the transactions conducted through the Facility and will abide by the record of transactions generated by the AMC. The Unitholder hereby confirms, acknowledges and undertakes to make payments for Subscription of Units of the Scheme from its registered bank account(s) in compliance with applicable provisions relating to third party payments detailed in the SID / SAI and that the payment will be through legitimate sources only.

23) The financial transactions received by the AMC through email would be auto time-stamped. The Unitholder understands and acknowledges that the time of receipt of the transaction request recorded through email ID of the AMC and audit trail maintained by the AMC in respect thereof shall be considered as final and binding to determine the applicability of NAV. For purchase transactions, the applicability of NAV shall also be subject to receipt of funds into the Mutual Fund's Collection Bank Account in addition to the time of receipt of the transaction request recorded through aforesaid email ID. The Unitholder further acknowledges that the AMC shall not be liable for any loss to the Unitholder on account of missing of cut off time due to transmission delay.

24) On receipt of the transaction request, an acknowledgement of receipt of the request shall be sent to the sender of the email. The Unitholder understands that the AMC may adopt additional security measures like signature verification, telephone call backs or a combination of the same, which may be recorded and the Unitholder consents to such recording and agrees to co-operate with the AMC to enable confirmation of such transaction requests.

25) This facility is only a mode of submission of application. The Unitholder shall ensure that, for purchase requests, the funds are transferred to the Mutual Fund's Collection Bank Account before cut-off timelines to determine the applicability of NAV. The AMC shall not be obligated to instruct or otherwise liaise with the investor's bank for the same.

26) The Unitholder agrees that use of the Facility will be deemed acceptance of the Terms and Conditions mentioned herein.

27) The AMC reserves the right to delete or purge the mail containing application for financial transaction if the uploaded files contain viruses, malwares, cancel bots, corrupted files, or any other similar software or programs that may damage the network, systems or any other digital infrastructure including interfaces of the AMC / RTA.

28) The Unitholder by using this facility represents and warrants that it agrees to ensure that no junk emails, spamming or any duplicative or unsolicited messages (commercial or otherwise) is being sent or solicited to the above listed email ids. Further, Unitholder confirms that the content of email is not unlawful, offensive, upsetting, intended to disgust, threatening, libelous, defamatory, obscene or otherwise objectionable.

29) The Unitholder agrees and confirms that the AMC may at its sole discretion suspend the Facility with intimation to investors.

Indemnities in favour of the AMC:

Subject to the investor fulfilling certain terms and conditions as stipulated by the AMC from time to time, the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund, the Registrar ("Recipient") may accept transactions through any electronic mode /web/ / electronic transactions) ("Electronic Transactions").

The acceptance of Electronic Transactions will be solely at the risk of the investor and the Recipient shall not in any way be liable or responsible for any loss, damage caused to the investor directly or indirectly, as a result of the investor sending or purporting to send such transactions including where such transaction sent / purported to be sent is not processed on account of the fact that it was not received by the Recipient or the transaction were incomplete /ambiguous/ not in good order.

The investor acknowledges that Electronic Transactions is not a secure means of giving instructions / transaction 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 AMC to act on Electronic Transactions is for the investor's convenience and the AMC is not obliged or bound to act on the same. The investor authorizes the AMC to accept and act on any Electronic Transactions which the recipient believes in good faith to be given by the investor and the AMC may at its discretion treat any such transaction as if the same was given to the AMC under the investor's original signature.

In case there is any difference between the particulars mentioned in the / web/ electronic transmission received as against the original document which may be received thereafter, the AMC shall not be liable for any consequences arising therefrom.

The investor agrees that the AMC 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 co-operate with the AMC to enable confirmation of such transaction requests. In consideration of the AMC from time to time accepting and at its sole discretion (including but not limited to the AMC extending/ discontinuing such facilities from time to time) acting on any Electronic

Transactions 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 ("Indemnified Parties") 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 Electronic Transactions requests including relying upon such transaction requests purporting to 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.

WEB TRANSACTIONS:

Facility of investing through the AMC website:

Carnelian Mutual Fund facilitates direct transactions by investors through its official website (www.carnelianmf.com). This digital platform enables investors to transact in the Scheme(s) of the Fund in a convenient, paperless, and secure manner.

Investors can undertake the following transactions through the website:

- Purchase, redemption, and switch of units
- Registration for Systematic Investment Plan (SIP), Systematic Transfer Plan (STP), and Systematic Withdrawal Plan (SWP)
- Access to account statements, portfolio holdings, and transaction history
- Modification of contact details, Nominee and bank details.

All transactions are subject to verification, successful KYC compliance, and acceptance by the AMC/Registrar. The applicable Net Asset Value (NAV) will be determined based on the time of receipt and realisation of funds, as per SEBI regulations and the terms of the Scheme Information Document (SID) and Statement of Additional Information (SAI).

Investors are encouraged to use this facility for a seamless and real-time mutual fund experience. For more information and detailed transaction guidelines, investors may visit the Carnelian Mutual Fund website(www.carnelianmf.com)The Mutual Fund, the AMC, the Trustee, alongwith its directors, employees and representatives shall not be liable for any damages or injuries arising out of or in connection with the use of the web-site or its non-use including non-availability or failure of performance, loss or corruption of data, loss of or damage to property (including profit and goodwill), work stoppage, computer failure or malfunctioning or interruption of business; error, omission, interruption, deletion, defect, delay in operation or transmission, computer virus, communication line failure, unauthorised access or use of information.

Communication via Electronic Mail (e-mail)

It is hereby notified that wherever the investor(s) has/have provided his/their e-mail address in the application form or any subsequent communication in any of the folio belonging to

the investor(s), the Fund/Asset Management Company reserves the right to use Electronic Mail (email) as a default mode to send various communication which include account statements for transactions done by the investor(s).

Investors are requested to update their own email address and mobile number for speed and ease of communication in a convenient and cost-effective manner, and to help prevent fraudulent transactions.

The investor(s) may request for a physical account statement by contacting the Fund's Investor Service Centre / Registrar & Transfer Agent. In case of specific request received from investor(s), the Fund shall provide the account statement to the investor(s) within 5 business days from the receipt of such request.

The Fund shall comply with provisions on "Dispatch of Statement of Accounts" mentioned in paragraph 15.7of the SEBI Master Circular dated March 20, 2026.

RISK ASSOCIATED WITH TRANSACTIONS THROUGH ELECTRONIC MODE

Subject to the investor fulfilling certain terms and conditions as stipulated by AMC from time to time, the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund, the Registrar ("Recipient") may accept transactions through electronic modes. The acceptance of electronic transactions will be solely at the risk of the transmitter of electronic transactions and the Recipient shall not in any way be liable or responsible for any loss, damage caused to the transmitter directly or indirectly, as a result of the transmitter sending or purporting to send electronic transactions / purported to be sent is not processed on account of the fact that it was not received by the Recipient. Facility of online transactions is available on the website of Carnelian Mutual Fund i.e. www.carnelianmf.com. Consequently the said website is declared to be an "official point of acceptance" for applications for transactions and other facilities. The Uniform Cut -off time as prescribed by SEBI and as mentioned in the Scheme Information Documents of the Scheme shall be applicable for applications received on the website.

The transmitter acknowledges that 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 electronic transmission is for the transmitter's convenience and the Recipient is not obliged or bound to act on the same.

The transmitter authorizes the recipient to accept and act on any 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 electronic transaction as if the same was given to the recipient under the transmitter's original signature. 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 electronic transaction requests. The transmitter accepts that the electronic transactions shall not be considered until time stamped as a valid transaction request in the Scheme in line with SEBI (MF) 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 electronic transaction request received / purporting to be received from the transmitter, the transmitter agrees to indemnify and keep indemnified the AMC, Directors, employees, agents, representatives of the AMC, Mutual Fund and Trustees from and against all actions, claims, demands, liabilities, obligations, losses, damages, costs and expenses of whatever nature (whether actual or contingent) directly or indirectly suffered or incurred, sustained by 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 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 modify the terms and conditions or to discontinue the facility at any point of time.

SUBSCRIPTION BY:

(I) RESIDENT INDIVIDUAL

Investors may make payments for subscription to the Units of the Scheme, by a local cheque/bank draft drawn on any bank branch or RTGS/fund transfer. Cheques should be drawn in favour of "Carnelian - <Scheme name>" as provided in the Scheme Information Document (SID) of respective schemes and must be crossed "Account Payee Only". The cheque/demand draft should be payable at par at the Centre where the application is lodged.

The cheque/demand draft should be drawn on any Bank which is situated at and is a member/sub-member of the Banker's Clearing House. Cheques/demand drafts drawn on a Bank not participating in the Clearing House will not be accepted

The Cheque/ DD/ Pay order should be drawn in favour of the relevant scheme as per the instructions provided in the Scheme Information Document (SID) of respective schemes and must be crossed as —Account Payee Only. At present, applications for investing in scheme through cash are not accepted by the AMC. However, the AMC, at a later date, may decide to accept investment in cash, in line with SEBI Regulations and implementation of adequate systems and controls. Information in this regard will be provided to investors as and when the facility is made available.

One Time Mandate Facility

One Time Mandate Registration Facility (OTM facility) is available for investment in the schemes of Carnelian Mutual Fund.

OTM shall be registered against the PAN of the First Unitholder which authorizes his/her bank to debit their account up to a specified limit mentioned there in, (subject to the current statutory limits of Rs. One Crore per transaction), as and when they wish to transact with the Fund, without the need of submitting cheque or fund transfer letter with every transaction thereafter. This Facility currently enables Unit holder(s) of the Fund to start Systematic Investment Plan (SIP) or invest lump sum investment in any Scheme of the Fund through various transaction modes i.e. physical transactions, or such other modes which the Fund may activate for OTM facility from time to time. OTM facility can be availed only if the Investor's Bank is a participating bank on the NACH Platform of NPCI and subject to investor's bank accepting ACH/ OTM Registration mandates.

Centers other than the locations where Official Points of Acceptance of Transactions (OPAT) are present, are classified as Outstation centers. (The AMC from time to time declares the list of current and active OPATs). Investors residing at outstation centers should send demand drafts drawn on any bank branch which is a member of Bankers Clearing House, and payable on any of the locations where an Official Points of Acceptance of Transactions is located.

For payments through NEFT / RTGS , investors shall provide details of the bank account debited which AMC shall match with the registered pay-in accounts. In case it is found that the payment is not made from a registered bank account or from an account not belonging to the first named unit holder, the AMC/R&TA shall reject the transaction with due intimation to the investor and refund the amount.

Mode of Payment for SIP:

In case of SIP transaction where, the mode of payment is through NACH or OTM, investors are not required to do an initial purchase transaction for the minimum amount as applicable.

However, investors are required to submit SIP request at least 7 calendar days for online registration and 15 calendar days for offline registration, prior to the date of first instalment.

Investors shall be required to submit a cancelled cheque or a photocopy of a cheque of the bank account for which the NACH mandate is provided for third party validation, if penny drop validation fails

In addition, investors are requested to refer and understand the instructions mentioned on specific application forms and scheme specific Scheme Information Documents (SID).

Separate Plan for Direct Investors:

Pursuant to paragraph 3.4 of SEBI Master Circular dated March 20, 2026 mutual funds/AMCs are required to provide a separate plan for direct investments, i.e., investments not routed through a distributor, in existing as well as new schemes. In this regard, there will be two plans available under each open ended schemes (except Exchange traded funds), viz.

a) Where the investment is routed through the distributor, levying additional distribution expenses named as – 'Regular Plan'
b) Where the investor approaches the mutual fund directly and hence distribution expenses are not levied, named as – 'Direct Plan'.

Portfolio of the Scheme under both Plans will be common.

Investors subscribing under Direct Plan of any of the Schemes of the Fund will have to indicate the Scheme / Plan name in the application form as "Carnelian <<Scheme Name>>". If the Purchase/ Switch application does not specifically state, the details of the plan then the same shall be processed under the Direct Plan. If no distributor code is mentioned in the application then it shall be processed under the Direct Plan.

Scheme characteristics: Scheme characteristics such as Investment Objective, Asset Allocation Pattern, Investment Strategy, Risk factors, facilities offered and terms and conditions including load structure will be the same for the Regular Plan and the Direct Plan except that:

a. No Exit Load shall be charged in case of switch transactions from Regular Plan to Direct Plan and vice versa of the same scheme.
b. Direct Plan shall have a lower expense ratio excluding distribution expenses, commission, etc and no commission for distribution of Units will be paid / charged under Direct Plan.

Investments through systematic routes: In case of registration requests for Systematic Investment Plan (SIP)/ Systematic Transfer Plan (STP)/ IDCW Transfer Plans (Dividend Sweep), are received without any distributor code, the same shall be by default registered under the "Direct Plan". Similarly, in case of existing SIP/ STP/ Dividend Sweep registrations without distributor code, all future instalments shall be processed under the Direct Plan.

Redemption requests: Where Units under a Scheme are held under both Regular and Direct Plans, the investor must clearly state the Plan in which the redemption/switch request has to be processed.

(II) NRIs, FPIs

i) NRIs:

The Reserve Bank of India, has granted general permission to mutual funds referred to in the Income Tax Act, ("the Act"):

1.(a) to issue, to Non-Residents of Indian nationality or origin (NRIs), units or similar other instruments of the Scheme approved by SEBI subject to conditions stated in para 2 below,

(b) to send such units/instruments out of India to their place of residence or location as the case may be and

(c) to make payment to non-resident investors, on repurchase of units or other instruments subject to conditions specified below.

2. The general permission granted herein to issue units, is subject to the following conditions:

(a) the Mutual Fund complies with terms and conditions stipulated by Securities and Exchange Board of India. Currently, a person who falls within the definition of the term —U.S. Person under the Securities Act of 1933 of the United States, and corporations or other entities organised under the laws of the U.S.

(b) United States Persons (U.S. Persons) shall not be eligible to invest in the schemes of Carnelian Mutual Fund and the Mutual Fund / AMC shall not accept subscriptions from U.S. Persons, except for lump sum subscription, switch transactions requests and registration of systematic transactions received from Non-resident Indians/Persons of Indian origin who at the time of such investment, are present in India and submit a transaction request along with such documents as may be prescribed by the AMC/Mutual Fund from time to time. In case of systematic transaction facility, the decision for such investment in the Scheme will be deemed to have been taken by the investor on the date of execution of the SIP/STP enrolment forms while present in India, though the investments will trigger on periodical basis at the predetermined dates in the month at the prevailing NAV and of specified amount as detailed in the SIP/STP enrolments form(s) executed by the investor. The AMC shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the AMC/Mutual Fund. The investor shall be responsible for complying with all the applicable laws for such investments. The AMC/Mutual Fund 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/Mutual Fund, which are not in compliance with the terms and conditions prescribed in this regard. The term "U.S. Person" shall mean any person that is a United States Person within the meaning of Regulation 'S' under the United States Securities Act of 1933 or as defined by the U.S. Commodity Futures Trading Commission for this purpose, as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.

A U.S. person can do lumpsum purchase provided he is in India and submit the declaration along with Fresh/Additional purchase, SIP or switch transaction. US person can also do lumpsum additional purchase or switch transaction through the AMC portal. Persons of Canada will not be permitted to make any purchases/additional purchases/switches/SIPs in any Schemes of Carnelian Mutual Fund (via internet or otherwise) with or without declaration. However, existing investments will be allowed to be redeemed.

ii) FPIs:

Foreign Portfolio Investors (FPIs) duly registered under SEBI (Foreign Portfolio Investors) Regulation 4, 2014 and qualifying to the terms of Schedule 5 of Notification no. FEMA 20/2000 dated May 3, 2000 shall be eligible to invest in the schemes of Carnelian Mutual Fund, except Liquid and Overnight Fund when launched, subject to the provisions of their

respective constitutions and applicable statutory provisions. Any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.

Application from NRI, FPI and PIOs:-

a. NRIs and PIOs may purchase units on a repatriation and non-repatriation basis, while FIIs may purchase units only on a repatriation basis. They shall enclose along with the application form a copy of the payment cheque / FIRC / Debit Certificate to enable the AMC to ascertain the repatriation status of the amount invested. The account type shall be clearly ticked as NRE or NRO or FCNR, to enable the AMC to determine the repatriation status of the investment amount. The AMC and the Registrar may ascertain the repatriation status purely based on the details provided in the application form. NRIs and PIOs may pay their subscription amounts by way of cheques drawn on NRE or FCNR accounts in Indian currency. 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 with a designated branch of an authorised dealer with the approval of RBI. In case Indian Rupee drafts are purchased abroad or from FCNR/NRE accounts, an account debit certificate from the bank issuing the draft confirming the debit shall also be enclosed. NRIs shall also be required to furnish such other documents as may be necessary and as desired by the AMC/ Mutual Fund/Registrar, in connection with the investment in the schemes. Where redemption is received for units held by NRI and requiring credit of redemption proceeds to a NRE account, the fund may reject the redemption if the necessary documents like FIRC / Debit certificate evidencing payment of subscription of units through NRE account are not provided by the investor.

b. Non-Repatriation basis NRIs and PIOs 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.

Payments received will be subject to fulfillment of conditions and/or submission of documents as per the operational procedure/guidelines as may be issued by the AMC from time to time.

The AMC reserves the right to reject applications received by any mode of payment other than mentioned above.

III) APPLICATION UNDER POWER OF ATTORNEY/BODY CORPORATE/REGISTERED SOCIETY/ TRUST/ PARTNERSHIP FIRM

In case of an application under a Power of Attorney or by a limited company, body corporate, registered society, trust or partnership firm, 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.

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

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:

- Board resolution authorizing the investment
- List of authorized officials to make such investment along with the specimen signature of such authorized officials
- KNOW YOUR CLIENT (KYC), FATCA, CRS, Ultimate Beneficial Ownership (UBO) Self Certification & NPO declaration
- Duly authorized Memorandum and Articles of Association OR Partnership Deed OR Society Agreement.

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

IV) APPLICATION BY SOLE PROPRIETORSHIP/HUF

In case of fresh/additional purchases from the sole proprietorship account, the AMC shall process the application after matching the name and signature of the applicant on the application form/transaction slip and the payment instrument/cheque.

Original or certified true copies of the following documents should be submitted at time of initial Application:

- Instrument of application should be from Sole Proprietorship Firm's/HUF A/c
- KYC/FATCA/UBO (For HUF)

In case the name of an applicant mentioned in the application form/transaction slip differs from the name on payment instrument/cheque, then the AMC may process the application and allot units at the applicable Net Asset Value, after obtaining proof of proprietorship from the applicant, as prescribed by the AMC. In case the proof is not furnished by the applicant, the AMC reserves the right to process/reject the application form without any reference to the applicant after carrying out necessary diligence, as deemed appropriate by the AMC.

(IV) JOINT APPLICANTS

In the event an Account has more than one registered owner, the first-named holder (as determined by reference to the original Application Form) shall receive the Account Statement, all notices and correspondence with respect to the Account, as well as the proceeds of any redemption requests or IDCW or other distributions. In addition, such Unitholders shall have the voting rights, as permitted, associated with such Units, as per the applicable guidelines.

Applicants can specify the 'mode of holding' in the Application Form. An applicant can hold units either 'Singly' or 'Jointly' or on the basis of 'Anyone or Survivor'. In the case of holding specified as 'Jointly', redemptions and all other requests relating to monetary transactions would have to be signed by all joint holders. However, in cases of holding specified as 'Anyone or Survivor', any one of the Unitholders will have the power to make redemption requests, without it being necessary for all the Unitholders to sign. In case of valid application received without indicating "Mode of holding", it will be considered on "Anyone or Survivor" & processed accordingly. However, in all cases, the proceeds of the redemption will be paid to the first-named holder.

(V) APPLICATION OF MINORS AND ACCOUNT STATUS CHANGE:

1. On Behalf of Minor

a. The minor shall be the first and the sole holder in a folio. There shall not be any joint accounts with minor.

b. Guardian in the folio(s) on behalf of the minor should either be a natural guardian (i.e. father or mother) or a court appointed legal guardian.

c. The information on the relationship/status of the guardian as father, mother or legal guardian will be mandatory.

d. 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).

e. In case of court appointed legal guardian- a notarised photo copy of the court order should be submitted along with the application.

f. Nomination cannot be registered in the minor's folio.

g. Date of birth of the minor along with photocopy of supporting documents as enumerated below shall be mandatory while opening the account on behalf of minor:

a Birth certificate of the minor, or

b School leaving certificate / Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE etc., or

c Passport of the minor, or

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

e 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.

2. Investments of the minor investor on attaining majority:

On minor attaining majority, the unit holder shall submit a letter along with the documents as mentioned below:

a. A signed request form to change account status from minor to major duly filled containing details like name, folio no. etc.
b. New Bank Mandate.
c. Signature of the minor who has turned major, duly attested by –
i) the parent/guardian whose signature is registered in the records of the Fund/Registrar and Transfer Agent (RTA) against the folio of the minor unitholder; OR
ii) the manager of a scheduled bank (signature attestation by way of Banker's certificate or letter
iii) KYC, PAN and AADHAAR number of the major.
iv) Additional KYC, FATCA & CRS - Self Certification

Depending upon the appropriateness, the AMC Limited (the AMC) may consider seeking additional/alternative documents for necessary diligence of each case.

For the units held on behalf of the minor, the ownership of the unit shall rest with the minor. A guardian operates the account until minor attains the age of majority. Hence, the guardian cannot undertake any financial and non-financial transactions including fresh registration of Systematic Transfer Plan (STP), Systematic Investment Plan (SIP), Systematic Withdrawal Plan (SWP), etc. after the date of the minor attaining majority. The major can operate the account on receipt of the application form along with the above prescribed documents are received by the mutual fund.

Vide AMFI letter dated 135/BP/22/10-11 dated March 31, 2011, it was clarified that the existing standing instructions including STP, SIP and SWP registered prior to the minor attaining the age of majority , shall be suspended when the minor attains majority, till the status is changed to major (an application in this regard has to be submitted to the AMC / RTA).

However, for fresh registrations, SIPs will be registered in a 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. The facility will automatically stand terminated upon the Unit Holder attaining 18 years of age.

3. 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.

3. Change in Guardian:

When there is a change in guardian either due to mutual consent or demise of existing guardian, the following documents should be submitted for registration of the new guardian:

a. Request letter from the new guardian,
b. No Objection Letter (NOC) or Consent Letter from existing guardian or Court Order for new guardian, in case the existing guardian is alive.
c. Notarized copy or attested copy of the Death Certificate of the deceased guardian, where applicable. The attestation may also be done by a special executive magistrate, the AMC authorised official or manager of a scheduled bank.
d. Bank attestation attesting the signature of the new guardian in a bank account of the minor where the new guardian is registered as the guardian.
e. KYC of the new guardian.
f. Additional KYC, FATCA & CRS - Self Certification.
g. The new guardian should be a natural guardian (i.e. father or mother) or a court appointed legal guardian. The relationship status of the guardian as father, mother or legal guardian should be specified in the request letter and supporting documentary evidence should be submitted along with the request letter.

Permanent Account Number (PAN) and Know Your Customer (KYC) Requirement

In terms of SEBI directives issued from time to time, Permanent Account Number (PAN) is the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction, except -

(a) investors residing in the state of Sikkim;
(b) Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government); and
(c) investors participating only in micro- SIP.
(d) SEBI, in its subsequent letters dated June 19, 2009 and July 24, 2012 has conveyed that systematic investment plans (SIP) and lumpsum investments (both put together) per mutual fund up to Rs.50,000/- per year per investor.

Further, to bring uniformity in KYC process, effective January 1, 2012, SEBI has introduced a common KYC procedure across all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes etc.

Investors shall mean to include (i) their constituted Power of Attorney (PoA) holder, in case of investments through a PoA (both issuer of PoA & PoA holder must be KYC complied and (ii) each of the applicants, in case of application in joint names (iii) Guardian in case of minor. Investors exempted from PAN requirement also required to undergo KYC process.

All new Investors are required to use the Common KYC Application Form to apply for KYC process and are also required to mandatorily undergo In Person Verification (IPV) with any of SEBI registered Intermediaries including Mutual Funds. Common KYC Application form is available on AMFI website - www.amfiindia.com, our website - www.carnelianmf.com and/or at any of our Official Points of Acceptance of Transactions (OPAT). The investors can also avail the online e-KYC facility available on the website www.carnelianmf.com and complete their KYC using Aadhaar OTP validation/ digilocker and such other means.

New Investors who are not yet KYC Compliant, at the time of investment should comply with the KYC requirement through registered KRA by submitting Photo Identification documents as proof of identification and the Proof of Address [self-attested by the investor / attested by the ARN Holder/AMFI distributor]. These exempted investors will have to quote the "PEKRN (PAN exempt KYC Ref No) in the application form. This exemption of PAN will be applicable only to investments by individuals (including NRIs but not PIOs), joint holders, Minors and Sole proprietary firms. PIOs, HUFs and other categories of investors will not be eligible for this exemption.

Pursuant to the SEBI circulars dated October 05, 2011 and April 13, 2012 and AMFI Best practice guidelines issued in order to bring uniformity in the KYC requirements, investors/prospective investors are required to ensure the following: -

It shall be mandatory for the investors to furnish additional KYC information such as income details, occupation, association (if any) with politically exposed persons etc. as may be specified by the AMC / Mutual Fund from time to time for all new folios / accounts opened.

- Further, non-individual investors shall also be required to furnish the details of beneficial ownership as part of the account opening / KYC formalities.

- In case the investors fails to furnish the additional KYC and beneficial ownership information as mentioned above for the new folio / account opened, the AMC shall not accept any subscription application (including switches) from the investor.

- In respect of existing investor whose KYC application is "On Hold" at the KYC Registration Agency (KRA), the AMC shall not accept any subscription (fresh or additional) or switch application from the investor unless the investor has submitted the missing documents / information required to complete the KYC validation/registration process.

The above requirements are applicable for all investors including joint holders, POA holders and guardian (in case of minor).

In case of any change in the KYC and / or beneficial ownership information, the investor should immediately intimate the AMC / its Registrar / KRA, as may be applicable, about such changes.

Submission of PAN is mandatory for all other investors existing as well as prospective investors (except the ones mentioned above) (including all joint applicants/holders, guardians in case of minors, POA holders and NRIs but except for the categories mentioned above) for investing with mutual funds from this date. Investors are required to register their PAN with the Mutual Fund All investments without PAN (for all holders, including Guardians and POA holders) are liable to be rejected.

All investments in Carnelian Mutual Fund need to comply with the PAN/PEKRN and KYC (including UBO stated here below) requirements as stated above, failing which the AMC/Trustee reserve the right to reject the application.

Application Forms received from Investors exempted from PAN requirement, without quoting of PEKRN shall be considered incomplete and are liable to be rejected without any reference to the investors. The procedure implemented by the AMC and the decisions taken by the AMC in this regard shall be deemed final.

Ultimate Beneficial Owners(s) –

SEBI Master Circular no. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024 on Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) / Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under has prescribed the approach to be followed towards identification of beneficial ownership of Non-individual entities. Accordingly, all non-individual investors are required to provide additional documents of its beneficial owners.

It is mandatory for existing investors: -

- To update the beneficiary ownership details in order to continue to make additional subscriptions including switches in their existing folio.
- To provide / update additional KYC details as prescribed in Part-II of the Account Opening Forms of the Mutual Funds (Where such information was not provided earlier, to be able to continue to make additional subscription (including switches) in their existing folios with the respective schemes.
- To provide the missing information and complete IPV in order to continue to make additional subscriptions, including switches in their existing folios with the respective schemes.

Applicability:

1. Providing information about beneficial ownership will be applicable to the subscriptions received from all categories of investors except Individuals and a Company listed on a stock exchange or is a majority owned subsidiary of such a Company.
2. In case of any change in the beneficial ownership, the investor should immediately intimate the AMC / its Registrar / KRA, as may be applicable, about such changes.
3. Wherever the UBO cannot be identified, the details of Senior managing official of the company needs to be provided.

MANNER OF SUBMITTING TRANSACTION REQUESTS

For any financial and non-financial transactions, investors should preferably use the standard request form(s) prescribed by the AMC, which are also available on its website/OPATs. Any request received in non-standard formats (other than one prescribed by AMC) are liable to be rejected and the AMC reserves the right to process such requests subject to completeness and unambiguity.

Investors are requested to provide details/instructions only in the space provided in the request form. In case, information/noting's/instruction provided at a non-designated area of the standard form being used or any additional details for which space is not specified in the standard form, the AMC reserves the right to reject such request.

Further, post processing of any financial or non-financial request, the AMC endeavours to inform the investor either through letter or email or SMS the information provided in the request form. Investors are requested to review the accuracy and completeness of such requests before submitting the same to the AMC / RTA.

Online transactions through CAMS

Computer Age Management Services Limited ("CAMS") the Registrar and Transfer Agent ("RTA") for the schemes of the Mutual Fund has built an online website [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 Carnelian 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 RTA.

Treatment of applications under "Direct" / "Regular" Plans:

Scenario	Broker Code mentioned by the investor	Plan mentioned by the investor	Default Plan to be captured
1	Not mentioned	Not mentioned	Direct Plan
2	Not mentioned	Direct	Direct Plan

3	Not mentioned	Regular	Direct Plan
4	Mentioned	Direct	Direct Plan
5	Direct	Not Mentioned	Direct Plan
6	Direct	Regular	Direct Plan
7	Mentioned	Regular	Regular Plan
8	Mentioned	Not Mentioned	Regular Plan

AMC shall ensure that before accepting any business from any MFD, such a MFD is duly empanelled with the AMC.

Transactions received, if any, from/under the ARN of a non-empanelled MFD may be processed under Direct Plan, with prompt intimation to the non-empanelled MFD, and the investor.

Further in case of transactions received from wrong/incomplete/ Invalid ARN, the AMC shall follow the guidelines provided in AMFI Best Practices Guidelines Circular No.111 /2023-24 dated February 2, 2024 Treatment of Transactions received with invalid ARNs.

Investors are requested to note that any change in IDCW sub-option due to additional investment done under IDCW or on the basis of a request received from the investor, will be applicable to all existing units in the IDCW option of the concerned scheme under respective folio. However, this provision shall not be applicable to transactions undertaken/units held in demat mode.

Processing of the transaction in case of transactions received from Invalid ARN:

AMFI Best Practices Guidelines Circular related to Guidelines for Processing of transactions received under Regular Plan with invalid ARN dated February 2, 2024

The following guidelines shall be uniformly followed / adopted by all AMC as well as the RTAs w.r.t. treatment of applications received with invalid ARN codes.

"Invalid ARNs" shall include the following situations –

1. ARN validity period expired.
2. ARN cancelled /terminated.
3. ARN suspended.
4. ARN Holder deceased
5. Nomenclature change, as required pursuant to IA Regulations, not complied by the MFD.
6. MFD is debarred by SEBI.
7. ARN not present in AMFI ARN database.
8. ARN not empanelled with an AMC.

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

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

Note:

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:

a. To give opportunity for the intermediary / platform to rectify details before submitting transactions or to report transactions as DIRECT.

b. If these transactions are accepted and processed as DIRECT, the intermediary placing the transaction will not be receiving reverse feeds and hence will not be able to reconcile.

Since the validation cannot be carried out at the time of acceptance for 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.

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 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.

8) Dividend reinvestment transactions, being a corporate action, will be excluded from the above validation.

Treatment of business received through suspended distributors:

Pursuant to AMFI Best Practices Guidelines Circular No. 81/2019-20 dated September 24, 2019 regarding provisions pertaining to treatment of purchase / switch / Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP) transactions received through distributors whose AMFI Registration Number (ARN) has been suspended temporarily or terminated permanently by Association of Mutual Funds in India (AMFI):

1. All purchase and switch transactions, including SIP/ STP registered prior to the date of suspension and fresh SIP / STP registrations received under the ARN code of a suspended distributor during the period of suspension, shall be processed under "Direct Plan" and shall be continued under Direct Plan perpetually*.

*Note: If the AMC receives a written request / instruction from the unit holder/s to shift back to Regular Plan under the ARN of the distributor post the revocation of ARN suspension, the same shall be honored.

2. All purchase and switch transactions including SIP/ STP transactions received through the stock exchange platforms through a distributor whose ARN is suspended shall be rejected.

3. In cases where the ARN of a distributor has been permanently terminated, the unitholders have the following options:

- switch their existing investments under the Regular Plan to Direct Plan (Investors may be liable to bear capital gains taxes and exit load, if any, which may arise at the time of switch from Regular Plan to Direct Plan); or
- continue their existing investments under the Regular Plan under ARN of another distributor of their choice.

Treatment of business received through distributors where ARN is expired/not renewed:

Business procured during the ARN expired period or invalid ARN period will be shifted to direct plans. This means the SIP business of MFDs will process under Direct Plan during the expired period.

Non- Profit Organization

As per Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2023 dated 7th March 2023, definition of Non-Profit Organization (NPO) has been revised. "Non-profit organization" means any entity or organization 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)".

Identification Process:

1. <u>Company, partnership or unincorporated association / body of individuals</u>

a) <u>Company:</u> the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means.
Explanation:

- "Controlling ownership interest" means ownership of / entitlement to more than 10% of shares or capital or profits of the company;
- "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders' agreements or voting agreements.

b) <u>Partnership firm:</u> the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of/ entitlement to more than 10% of capital or profits of the partnership or who exercises control through other means.

Explanation:

- "Control" shall include the right to control the management or policy decision;

c) Unincorporated association or Body of Individuals: the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than 15% of the property or capital or profits of such association or body of individuals.

Where no natural person is identified under (a) or (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

2. Trust – Where the client is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10% or more interest in the trust, settlor, protector and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership

3. Exemption in case of listed companies – Where the client or the owner of the controlling interest is an entity listed on a stock exchange in India, or it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions notified by the Central Government, or it is a subsidiary of such listed entities, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities.

4. Applicability for foreign clients – AMC dealing with foreign investors' /clients may be guided by the clarifications issued vide SEBI Master Circular SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022 and amendments thereto, if any, for the purpose of identification of beneficial ownership of the client.

(a) 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 NFO 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.carnelianmf.com 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.

(b) 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 Mutual Fund, whichever is later, failing which AMC will be liable to pay interest @ 15% p.a. from the end of the 5th business day.

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.

(c) REQUIRED PERSONAL INFORMATION OF INVESTORS IN ACCORDANCE WITH THE PRIVACY POLICY

Privacy Policy

Carnelian Investment Managers Private Limited, 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 applicable data protection legislations 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 dpo@carnelianmf.com . 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:

Carnelian 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

Carnelian 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 Carnelian or its affiliates;
- Enforce our legal rights, terms and conditions, or provisions of the offer documents of schemes of the Mutual Fund /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, SMS and Email service providers, and other intermediaries for communication, 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 Carnelian to protect Personal Information, it is important that you cooperate with the AMC 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, Carnelian or its affiliates will not be held responsible.

Incidental Information

Cookie Policy:

When visiting our Website, cookies may be 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.carnelianmf.com and a web analytics service (which may be utilized by us, if any, at any future date) 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.

Carnelian MF aims to protect and secure the information provided by the Information Provider and uses encryption, where applicable, for transmitting information, which is currently the permitted level of encryption in India.

PLANS AND OPTIONS OFFERED

Based on the enabling provision in the scheme information document (SID) of the scheme, investors may choose either the following plans or option:

- **Regular Plan**

Regular Plan is for investors who purchase/subscribe units in a Scheme through any Distributor (AMFI Registered Distributor/ARN Holder).

- **Direct Plan**

Direct Plan is for investors who purchase/subscribe units in a Scheme directly with the Fund and is not routed through a Distributor (AMFI Registered Distributor/ARN Holder).

Both Plans shall have common portfolio and separate NAVs.

Option under each Plan:

- Growth
- Income Distribution cum capital withdrawal Option (IDCW)^.

Sub- option under IDCW option:

- IDCW Payout
- IDCW Reinvestment

^ The IDCW will be declared subject to availability of distributable surplus. The amounts can be distributed out of investors capital Equalization Reserve), which is part of sale price that represents realized gains.

Default option:

In case the investor does not select any Option, the default shall be considered as:

- Growth Option
- Within IDCW, the default option shall be IDCW Reinvestment.

Please note that where the Unitholder has opted for Payout of IDCW option and in case the amount of IDCW payable to the Unitholder is Rs.100/- or less under a Folio, the same will be compulsorily reinvested in the Scheme.

IDCW Policy

IDCW declaration and distribution shall be in accordance with SEBI Regulations as applicable from time to time. The AMC reserves the right to declare IDCW from time to time, depending on availability of distributable surplus. There is no assurance or guarantee to Unitholders as to the rate of IDCW distribution nor will that IDCW be paid, though it is the intention of the Mutual Fund to make IDCW distributions.

IDCW, if declared, will be paid out of the net surplus of the Scheme to those Unit holders whose names appear in the Register of Unitholders on the record date. The actual date for declaration of IDCW will be notified suitably to the Registrar.

A. Special Products / Facilities offered by the AMC / Schemes

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

SWITCH FACILITY

Unitholders under the Scheme have the option to switch part or all of their holdings in any scheme to any other scheme launched by the Mutual Fund, or within the Scheme from one Option to another, subject to conditions attached to that scheme, which is available for investment at that time. This Option will be useful to Unitholders who wish to alter the allocation of their investment among the scheme(s)/ plans of the Mutual Fund in order to meet their changed investment needs or risk profiles.

The switch will be effected by way of a redemption of Units from one Scheme / Plan/ sub plan / Option and a reinvestment of the redemption proceeds in the other Scheme/ Plan/ sub plan/option and accordingly, to be effective, the switch must comply with the redemption rules of the Scheme and the issue rules of the other scheme (for e.g. as to the minimum number of Units that may be redeemed or issued). The price at which the Units will be switched out of the Scheme/options will be based on the Applicable NAV of the relevant Scheme/ Plan(s)/ sub plans/options and considering any exit loads if any that the AMC/ Trustee may have from time to time.

Switches of following kind within the Scheme will also not attract any exit load - (i) switch from Direct Plan to Regular Plan; (ii) switch from Regular Plan to Direct Plan where the investment in Regular Plan is without a Distributor (ARN) code; (iii) within different Options (Income Distribution cum capital withdrawal/growth) of the same Plan (i.e. Direct/Regular) of the Scheme.

Investors so desiring to switch may submit a switch request, already available with them along with an application form of the Scheme indicating therein the details of the scheme to which the switch is to be made. Applications for switch as above should specify the amount/Units to be switched from out of the Units held in any of the existing Schemes of the Fund. The switch request will be subject to the minimum application size and other terms and conditions of the SID of this Scheme and the scheme from which the amount is switched out.

The Applicable NAV for switching out of the existing open-ended funds will be the NAV of the Business Day on which the switch request, complete in all respects, is accepted by the AMC, subject to the cut-off time and other terms specified in the SID of the respective existing open ended Schemes. In close-ended scheme the applicable NAV for switching out of the existing close-ended funds will be the applicable NAV (after considering applicable loads) as on the date of its maturity.

SYSTEMATIC INVESTMENT PLAN (SIP)

A Systematic Investment Plan (SIP) is a facility where the scheme allows investing a fixed amount of money regularly (e.g., monthly or quarterly or any other frequency as per the offer document of the scheme) in mutual funds. SIP encourages consistent saving and investing, allows investor to buy more units when prices are low and fewer when prices are high, reducing overall cost and provides the power of Compounding i.e. earnings reinvest over time thus helping growth of wealth.

Following are the terms and conditions of the facility.

Frequency	Minimum number of instalments	Minimum amount (in Rs.)	Default day/ date
Daily	30	500	NA
Weekly (day wise)	12	500	Wednesday
Weekly (date-wise)	12	500	7, 14, 21 and 28
Monthly	12	500	10
Quarterly	12	500	10

Default SIP frequency will be monthly
Note - If SIP day falls on non-business day, the SIP transaction shall be processed on the next business day.

For investment on monthly & quarterly basis, unit holders can choose any date of the month from 1st to 28th as the date of the instalment.

OTHER SIP FACILITIES:

SIP Top-up facility – A SIP Top-up is a facility that allows investors to increase their SIP amount at regular intervals instead of investing a fixed amount throughout.

Following are the terms and conditions of the facility.

1. This facility is not available for investors who are exempt from the requirements of PAN i.e. who falls under PEKRN (PAN exempt KYC Ref No) requirement.
2. Minimum SIP Top up will be Rs. 500 and in multiples of Re.1.
3. Frequency of Top Up - Half-yearly and Annual.
4. Default Frequency is Yearly.
5. Top-up facility has to be opted at the time of SIP registration. Existing SIPs cannot be converted into this facility;

6. Top up facility can be registered only for investments through - OTM;
7. Once registered under this facility, for any modification to the details registered, Investors will have to cancel the existing SIP registration and re-register;
8. All other terms & Conditions applicable for regular SIP will be applicable to this facility;
9. Registration under this facility is subject to Investor's Bankers accepting the mandate for SIP Top- up.
10. For all the SIP facilities the minimum investment amounts/ minimum no of instalments shall be applicable.

SIP PAUSE FACILITY

SIP Pause facility allows the investors to pause their existing SIP for a temporary period, without discontinuing the existing SIP. Following are the terms and conditions of the facility.

Terms and Conditions:

1. The SIP Pause facility is available in all schemes where SIP is available.
2. The SIP Pause facility is available for SIPs registered using any mode (Physical / Online).
3. SIP Pause facility can also be availed on BSE StAR MF Platform for all the SIPs registered through BSE StAR MF Platform.
4. SIP Instalments can be paused for the period as under for each of the frequencies:
- For Weekly- Up to 12 instalments
- For Monthly - Up to 3 Instalments
- For Quarterly - Up to 1 Instalment
- For Daily frequency - SIP pause facility is not available.
5. SIP shall restart immediately after completion of Pause period.
6. SIP Pause request should be received at least 10 calendar days prior to the instalment date for the concerned SIP, which is required to be paused.
7. Request for SIP Pause facility can be given upto three months in advance.
8. Modification of SIP Pause facility will not be accepted. However, investor may cancel his SIP Pause request by writing to investorservices@Carnelianmf.com, provided such a request for cancellation shall be submitted at least 10 calendar days prior to the instalment date for the concerned SIP, which is required to be paused.
9. If SIP Pause period coincides with SIP Top Up trigger period, SIP instalment amount post completion of SIP Pause period would be inclusive of SIP Top Up amount. For eg: SIP Instalment amount prior to Pause period is Rs. 2,000/- and the Top-Up amount is Rs. 1,000/- . If the Pause period is completed after date of Top-Up, then the SIP instalment amount post-completion of Pause period shall be Rs. 3,000/-. As such the pause period will not have effect on SIP Top up period .
10. SIP Pause facility can be availed multiple times during the tenure of the SIP. However, there shall be a gap of at least one SIP instalment between two SIP Pause requests.
11. In case multiple SIPs are registered in a folio with the same amount, same bank and account number, same instalment date and under the same scheme, then SIP Pause request shall be applied to the first SIP registered.
12. The AMC reserves the right to change / modify the terms and conditions of the facility or withdraw the facility at a later date.

SIP Modification Facility:

SIP Modification Facility allows investors to modify the existing SIP registered in the Folio. Eg: the investor can modify the SIP amount, SIP period, Scheme, Plan, Option, Frequency, OTM registered bank etc.

National Automated Clearing House Facility (NACH)

Investors can enroll for investments in Systematic Investment Plan (SIP) through National Automated Clearing House (NACH) Platform. NACH is a centralised system, launched by National Payment Corporation of India (NPCI) for consolidation of multiple Electronic Clearing Service system. NACH facility can be availed only if the Investor's Bank is a participating Bank in NACH Platform and subject to Investor's Bank accepting NACH Registration mandate. Registration Forms are available on www.Carnelianmf.com and at our Branch Offices. For registration under NACH, investors are required to submit registration form and requisite documents atleast 15days prior to the first SIP instalment date. Once registered under this facility, for any modification to the mandate registered, Investors will have to cancel the existing SIP registration and re-register, through a modification request.

Auto Termination of Systematic Investment Plan (SIP) Transactions:

Investor may note that in line with SEBI letter dated January 03, 2024, on "Uniformity in cancellation of SIPs across Mutual Fund', the number of failed debit attempts for auto cancellation/closure of the SIPs registered under the schemes of Carnelian Mutual Fund shall be as follows.

SIP Interval/frequency	Number of failed debit attempts prior to cancellation of SIP
Bi-monthly, Quarterly or Longer Interval SIPs	2
Daily, Weekly, Fortnightly and Monthly	3

SYSTEMATIC WITHDRAWAL PLAN (SWP)

Unitholders of the Scheme have the benefit of enrolling themselves in the Systematic Withdrawal Plan. The SWP allows the Unitholder to withdraw a specified sum of money periodically from his investments in the Scheme. SWP is ideal for investors seeking a regular inflow of funds for their needs. It is also ideally suited to retirees or individuals who wish to invest lumpsums and withdraw from the investment over a period of time.

The Unitholder may avail of this Plan by sending a written request or through online facility available on AMC portal . This facility is available in the Growth and IDCW option.

SWP in the open-ended schemes of Carnelian Mutual Fund is available in following options:

SWP			
Frequency	**Minimum instalment**	**Minimum amount (in Rs.)**	**Default day/ date**
Monthly	6	500 and in multiple of Re 1	10
Quarterly	6	500 and in multiple of Re 1	10

Default : SWP frequency will be monthly
Note - If SWP day falls on non-business day, the SWP transaction shall be processed on the next business day.

For investment on monthly & quarterly basis, unit holders can choose any date of the month from 1st to 28th as the date of the SWP.
Load Structure shall be applicable as specified in the SID and KIM of the Scheme.

SYSTEMATIC TRANSFER PLAN (STP)

Investors can opt for the Systematic Transfer Plan by investing a lumpsum amount in one scheme of the fund and providing a standing instruction to transfer sums with a minimum amount of Rs. 500/- and any amount thereafter.. Investors could also opt for STP from an existing account by quoting their account / folio number. Investors could choose to specify a fixed sum to be transferred every month. In the event that such a day is a holiday, the transfer would be effected on the next business day.

The STP options shall be as follows-

Frequency	**Minimum number of instalments**	**Minimum amount (in Rs.)**	**Default day/ date**
Daily	30	500	NA
Weekly (day wise)	12	500	Wednesday
Weekly (date-wise)	12	500	7, 14, 21 and 28
Monthly	12	500	10
Quarterly	12	500	10

Note - Default - STP frequency will be monthly
Note - If STP day falls on non-business day, the STP transaction shall be processed on the next business day.

For investment on monthly & quarterly basis, unit holders can choose any date of the month from 1st to 28th as the date of the STP.

The AMC reserves the right to introduce STPs at such other frequencies, as AMC may feel appropriate from time to time.

Auto Termination of STP and SWP

The STP and SWP shall be auto terminated in case of -

1. three consecutive failures to process the instalment on account of insufficient balance maintained by the investor in the source scheme or
2. any other reason attributable to the investor; or
3. specific court order.

(d) 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 ww.carnelianmf.com 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.

VII. RIGHTS OF UNITHOLDERS OF THE SCHEME

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. When the Mutual Fund declares an Income Distribution cum Capital Withdrawal (IDCW)/dividend under a scheme, IDCW/ dividend warrants shall be dispatched to the Unit Holders within 7 working days from the record date of IDCW/dividend.
3. Consolidated Account Statement ('CAS') at mutual fund industry level for each calendar month will be issued on or before 15th day of succeeding month to all unit holders having financial transactions and who have provided valid Permanent Account Number (PAN). For folios not included in the CAS, the AMC shall issue a monthly account statement to the unit holders, pursuant to any financial transaction done in such folios; the monthly statement 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.
4. 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 SEBI Master Circular dated March 20, 2026 for Mutual Funds, the AMC may not be able to adhere with the timelines prescribed above.

5. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.

6. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.

7. 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.

8. The Trustee shall obtain the consent of the Unit holders:

- whenever required to do so by SEBI, in the interest of the Unit holders.
- whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme.
- when the majority of the trustees decide to wind up a scheme in terms of Regulation 36(2)(a) of SEBI (Mutual Funds) Regulations, 2026 or prematurely redeem the units of a close ended scheme.

9. The trustees shall ensure that no change in the fundamental attributes of any scheme, the fees and expenses payable or any other change which would modify the scheme and affect the interest of the unit holders is carried out by the asset management company, unless it complies with Regulation 22(9)(c) of SEBI (Mutual Funds) Regulations, 2026.

10. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

VIII. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

The Fund shall value its investments according to the valuation norms, as specified in Seventh Schedule of the Regulations, or such norms as may be prescribed by SEBI from time to time. The broad valuation policy was placed and approved by the Board of AMC and Trustee Company. The policy is as under:

BACKGROUND

SEBI has vide Regulation 22(9)(b) and the Seventh Schedule of SEBI Mutual Funds Regulations, 2026 specified the guidelines and norms under which all the investments held under the mutual fund schemes (which also includes investment strategies launched under Specialized Investment Funds (SIFs)) shall be valued.

The said regulations require that mutual funds shall value their investments in accordance with principles of fair valuation to ensure uniform and fair treatment to all investors i.e. existing investors as well as investors seeking to subscribe or redeem units.

Valuation Policy ("the Policy") has been formulated in accordance with SEBI (Mutual Funds) Regulations, 2026, SEBI Master Circular for mutual funds dated March 20, 2026 ("SEBI Master Circular") and AMFI Best Practices Guidelines Circular no. 83/2019-20 dated November 18, 2019, AMFI email dated December 23, 2019, AMFI Best Practices Guidelines Circular No. 91/ 2020 - 21 dated March 24, 2021, as amended from time to time.

I. POLICY COVERAGE

Valuation Policy ("the Policy") shall cover the following:

a. Valuation methodologies for all types of securities.
b. Inter-scheme transfers.
c. Composition and role of the Valuation Committee of Carnelian Investment Managers Private Limited ("the AMC").
d. Review of the Policy
e. Disclosures
f. Exceptional events
g. Record keeping

II. OWNER OF THE POLICY

The Valuation Committee of the AMC shall be the custodian of this document.

III. REVIEW OF THE POLICY

The Policy shall be amended if required and reviewed at least once in a year by Valuation Committee and the same shall be approved by the Board meeting of the AMC and Carnelian Trustee Company Private Limited ("the Trustee").

The valuation policies and procedures shall be reviewed at least once in a Financial Year by an independent auditor to ensure their continued appropriateness.

Any new circular/guideline which leads to any modification to any process/limits set out herein shall be deemed to form part of this process.

IV. DISCLOSURES

In order to ensure transparency of the valuation norms adopted by the AMC, the Valuation Policy shall be disclosed in the Statement of Additional Information (SAI), on the website the AMC or/and at any other place as may be specified by SEBI.

The deviation from the Valuation Policy in valuing the securities held by the schemes of mutual fund shall be disclosed on the website of the mutual fund along with detailed rationale, ISIN, Issuer name, Rating, Price at which the security was valued vis-a-vis the Price as per the valuation agencies and the impact of such deviation on scheme NAV (in amount and percentage terms) etc. Further, while disclosing the total number of instances of deviation in the monthly and half-yearly portfolio statements, the exact link to the website for accessing the above information shall be provided.

V. VALUATION METHODOLOGIES

- Annexure I describes the methodologies for valuing each and every type of security held by the schemes.

- Investment in any new type of security shall be made only after establishment of the valuation methodology for such security with the approval of the Valuation Committee, Board of the AMC and Trustee.

VI. VALUATION COMMITTEE

i.Valuation committee shall comprise of the following personnel:

a. Chief Executive Officer
b. CIO/Head – Fixed Income / Head - Equity
c. Chief Risk Officer
d. Head – Operations/Chief Operating Officer
e. Head – Compliance/Compliance Officer

Any other official /executive of the AMC may attend the meeting of the Committee as invite, if required.

The quorum of the Committee shall be simple majority of the members who will constitute the Committee. The Committee shall meet on quarterly basis and the meetings may be convened at periodic /shorter frequencies subject to business requirements.

ii. Following shall be the roles and responsibilities of the Committee:

a. Review and recommend modifications to the Valuation Policy for mutual fund
b. Review the appropriateness of methods used valuations of securities and recommend changes, if any.
c. Recommend valuation method during exceptional events.
d. Recommend valuation methodology for a new type of security, where the valuation is not mentioned by SEBI.
e. Report to the Board of AMC and Trustee regarding any exceptions, deviations or incorrect valuations.

VII. EXCEPTIONAL EVENTS

i. Following types of events could be classified as Exceptional events where current market information may not be available / sufficient for valuation of securities:
a. Major policy announcements by the Central Bank, the Government or the Regulator.
b. Natural disasters or public disturbances that force the markets to close unexpectedly.
c. Absence of trading in a specific security or similar securities.
d. Significant volatility in the capital markets.
e. Other exceptional factors /events which may be determined by the Valuation Committee from time to time.

In case the Fund Manager is of the opinion that the price provided by valuation agencies (currently CRISIL and ICRA) does not reflect the fair value of a security, the same shall be valued on the basis of guidelines provided by the Valuation Committee till the Exceptional events continues.

ii. Escalation Procedure:
a. Valuation Committee shall be responsible for monitoring Exceptional events for valuation of affected securities and recommending appropriate valuation methods under the circumstances with due guidance from the AMC and Trustee board.
b. Deviations from the valuation policy and principles, if any, will be communicated to the unit holders' wide suitable disclosures on the mutual fund's website.

VIII. RECORD KEEPING

Policy document should be updated in the scheme offer documents as may be specified by SEBI from time to time. The Policy and its related records shall be preserved in accordance with the SEBI (MF) Regulations.

ANNEXURE – 1 - VALUATION OF EQUITY AND DEBT SECURITIES

Security Type	Category	Valuation Methodology
Equity and related securities		
Equity Shares / Preference Shares / Equity Warrants/ Equity rights/rights entitlement/partly paid-up rights shares	Traded	Considering the volume of the trades, National Stock Exchange (NSE) shall be the primary exchange for valuation except in case of schemes passively tracking an index published by Bombay Stock Exchange (BSE). For schemes passively tracking a BSE Index, the primary stock exchange for valuation shall be BSE. If a particular security is not traded on the primary stock exchange used for valuation (NSE or BSE) but if it is traded on the other stock exchange (BSE or NSE) then price of the other stock exchange shall be considered. When a security is not traded on any stock exchange, on the date of valuation, then the previous closing price on NSE / any other Stock Exchange will be used, provided such closing price is not exceeding a period of 30 calendar days.
	Non-Traded	When a security (other than Government Securities, money market and debt securities) is not traded on any stock exchange for a period of 30 (thirty) days prior to the valuation date, the scrip must be treated as a 'non-traded' scrip. Non-traded shall be valued "in good faith" based on the Valuation norms prescribed below: Based on the latest available Balance Sheet, net worth shall be calculated as follows: i) Net Worth per share = [share capital+ reserves (excluding revaluation reserves) – Misc. expenditure and Debit Balance in P&L A/c] Divided by No. of Paid up Shares. ii) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any

Security Type	Category	Valuation Methodology
		noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry Average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose. iii) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share. iv) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning. v) In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero. vi) In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation **Preference shares:** Preference shares can be convertible or nonconvertible. Convertible Preference shares shall be valued as: i) Convertible debentures considering the conversion ratio as adjusted for illiquidity discount or other relevant factors as applicable as on the valuation date with the approval of Valuation Committee. OR ii) Based on the below formula Price of Convertible Preference share =

Security Type	Category	Valuation Methodology
		Preference shares dividend X Face Value ---------- Expected Return on Preference Shares Non-Convertible Preference shares shall be valued as Non-convertible debentures. **Merger/Demerger:** Valuation of merged entity shall be arrived at based on the previous day's last closing price of the respective companies prior to merger as approved by the Valuation Committee. In case the demerged company is not immediately listed, valuation price shall be worked out by using previous day's last closing price before demerger reduced for last quoted closing price of the listed company. In case none of demerged companies are immediately listed, the shares of new companies shall be valued by allocating combined valuation existing as on date of the corporate action to the new companies after taking into consideration the pro-rata shares allotted and other relevant factors. If in an exceptional situation, the value of the share of demerged company is equal or in excess of the value of the pre-demerger share, then the non-traded share shall be referred to Valuation Committee. Illiquidity discount shall be applied as approved by the Valuation Committee on case-to-case basis. In case of any other scenario/(s) the same shall be fair valued as approved by the Valuation Committee. **Securities under the process of delisting:** Securities, whose traded prices are not available pending completion of delisting process, shall be valued at the last available closing price or the offer price whichever is lower. **Securities under suspension**: In case trading of a security is suspended up to 30 days, then the last quoted closing price of the security shall be

Security Type	Category	Valuation Methodology
		considered for valuation of the security for a period of next 30 days. If an equity security is suspended for more than 30 days, then after 30 days the said security shall be valued as per the norms stipulated for Thinly traded/ Non-traded equity shares. The Valuation Committee shall decide on the illiquidity discount to be applied, on a case-to-case basis. In case of any scenario/(s) not covered above, the valuation of such security shall be arrived as per the principles of fair valuation as approved by the Valuation Committee and shall be ratified post facto by the Board of AMC and Trustee Company. **Rights entitlement** i.Where right entitlements are not subscribed to but are to be renounced, and where renouncement is being traded, the right entitlements have to be valued at traded renunciation value. i.Where right entitlements are not traded and it is decided not to subscribe the rights, the right entitlements have to be valued at zero. i.In case the Rights Offer Price is greater than the ex-rights price, the value of the rights share is to be taken as zero. v.Valuations of non-traded/thinly traded/Unlisted rights entitlement, SEBI Regulations have explained this with the help of following formula and the security will be valued accordingly: Vr = n/m x (Pex - Pof) Where, Vr = Value of Rights n = No. of rights offered m = No. of original shares held Pex = Ex-right price Pof = Rights offer price Valuation Committee will decide the illiquidity discount to be applied wherever required while arriving at final valuation Price **Partly Paid Up Share/ Equity Warrants:**

Security Type	Category	Valuation Methodology
		Valuation price shall be arrived, after reducing the exercise price / issuance price from the closing price of the underlying cash equity security. In case the rights offer/exercise/issuance price is greater than the ex-rights/closing price of the underlying cash security, the value of the rights share will be considered as zero
Equity Shares	Thinly traded [as defined under the SEBI (Mutual Fund) Regulations]	Definition of thinly traded equity/ equity related security: When trading in an equity/equity related security in a calendar month is both less than INR 5 lacs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security In order to determine whether a security is thinly traded or not, the volumes traded in all recognized Stock Exchanges in India may be considered. Valuation methodology for thinly traded shared shall be similar to non-traded Equity Shares
Unlisted Equity Shares	Non-Traded	Unlisted equity shares of a company shall be valued "in good faith" on the basis of the valuation principles laid down below: i. Based on the latest available audited balance sheet, net worth shall be calculated as lower of (a) and (b) below: a. Net worth per share = [share capital plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by Number of Paid-up Shares. b. After taking into account the outstanding warrants and options, Net worth per share shall again be calculated and shall be = [share capital plus consideration on exercise of Option/Warrants received/receivable by the Company plus free reserves(excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by {Number of Paid up Shares plus Number of Shares that would be obtained on conversion/exercise of Outstanding Warrants and Options}

Security Type	Category	Valuation Methodology
		The lower of (a) and (b) above shall be used for calculation of net worth per share and for further calculation in (iii) below. i.Average capitalization rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalization rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose. i.The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15% for illiquidity so as to arrive at the fair value per share. The above methodology for valuation shall be subject to the following conditions: a. All calculations as aforesaid shall be based on audited accounts. b. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero. c. If the net worth of the company is negative, the share would be marked down to zero. d. In case the EPS is (-) ve, EPS value for that year shall be taken as zero for arriving at capitalized earning. e. In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued in accordance with the procedure as mentioned above on the date of valuation. At the discretion of the AMC and with the approval of the trustees, an unlisted equity share may be valued at a price lower than the value derived using the aforesaid methodology. Such exception shall be reported to the Board of AMC & Trustees at its periodical meetings.

Security Type	Category	Valuation Methodology
Lock-in Shares	Non Traded	In case of Equity shares lock in for more than 3 months from the date of purchase / allotment, which are traded on the stock exchanges, the investment manager may apply appropriate discount to the closing price quoted on the stock exchange as may be decided by the Valuation Committee on a case-to-case basis.
Inter-scheme Transfers	-	Inter-scheme would be done at the Price of the security prevailing on the primary stock exchange at the time of effecting the transfer. If not traded on the primary stock exchange, the closing price of other stock exchange (BSE) will be considered.
Futures & Options	Traded	On the valuation day, traded F&O are valued at the settlement price provided by the respective stock exchanges.
	Non-Traded	Non-Traded F&O are valued based on settlement price / any other equivalent price (if settlement price is not available) provided by the respective stock exchanges.
Qualified Institutional Placement (QIP) / Follow on Public Offer (FPO) / Initial Public Offer (IPO)		In case of QIP and FPO recognition and valuation would start from the date of allotment. **Initial Public Offer (IPO):** In case of IPO the security would be valued at cost from the date of allotment till a day prior to listing and on last quoted closing price (as mentioned above under Traded criteria) from the day of listing.
Convertible Debentures		In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component (Debt) should be valued on the same basis as would be applicable to a debt instrument. The convertible component (Equity) should be valued on the same basis as would be applicable to an equity instrument/equity derivative. If, after conversion the resultant equity instrument would be traded *Pari passu* with an existing equity instrument which is traded, the value of the latter instrument can be arrived at after an appropriate discount for non-tradability, time value, volatility etc. of the equity instrument during the period preceding the conversion. While valuing such instruments, the fact whether the conversion is optional should also be factored in.
Fixed Income and related securities		
Debt, Government Securities, Money	-	All the debt, government securities, and money market securities, irrespective of residual maturity,

Security Type	Category	Valuation Methodology
Market Instruments (including floating rate securities and Repo transactions [Exclusion: Overnight repos) (Inclusion: Triparty repo i.e. TREPS and Corporate Bond Repo)] (irrespective of the residual maturity)		shall be valued based at an average of the security level prices provided by valuation agencies. In case security level prices are not given by valuation agencies, then such securities will be valued at weighted average purchase yield on the date of allotment / purchase.
Other Money market / Debt securities	Short-term deposits with banks (pending deployment), Overnight Repurchase (Repo) Transaction (incl. TREPS and Corporate Bond Repo)	Investments in short-term deposits with banks (pending deployment) and overnight repurchase (repo) transactions (including tri-party repo i.e. TREPS and Corporate Bond Repo), shall be valued on cost plus accrual basis.
	AT-1 Bonds and Tier 2 Bonds	SEBI vide its Chapter 10 of Master Circular has laid down norms for valuation of existing as well as new bonds issued under Basel III framework. In accordance with the said Chapter, the AT-1 Bonds and Tier 2 Bonds issued under Basel III framework shall be valued as per the valuation methodology stipulated by AMFI Best Practice Guidelines Circular No. 135/BP/91/2020-21 dated March 24, 2021 as detailed in PART E – Annexure 2
	Traded and Nontraded money market / debt security	**Traded Money Market / Debt Security**: A money market or debt security shall be considered as traded if, on the date of valuation, there are trades in marketable lots in that security on any recognized stock exchange (RSE) or trade reporting platform of RSE or Clearing Corporation of India Limited (CCIL). **Non- Traded Money Market / Debt Security:** A money market or debt security shall be considered non-traded if, on the date of valuation, there are no trades in marketable lots in such security on any RSE or on trade reporting platform of RSE or CCIL

Security Type	Category	Valuation Methodology
		The term 'marketable lot' as defined by AMFI vide its Best Practices Guidelines Circular No.83/2019-20 dated November 18, 2019 shall be followed.
Securities with Put / Call Options	-	**Securities with call option:** The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument. **Securities with Put option:** The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments. **Securities with both Put and Call option:** Only securities with put / call options on the same day and having the same put and call option price, shall be deemed to mature on such put / call date and shall be valued accordingly. In all other cases, the cash flow of each put / call option shall be evaluated and the security shall be valued on the following basis: i. Identify a 'Put Trigger Date', a date on which 'price to put option' is the highest when compared with price to other put options and maturity price. ii. Identify a 'Call Trigger Date', a date on which 'price to call option' is the lowest when compared with price to other call options and maturity price. iii. In case no Put Trigger Date or Call Trigger Date ('Trigger Date") is available, then valuation would be done to maturity price. In case one Trigger Date is available, then valuation would be done as to the said Trigger Date. In case both Trigger Dates are available, then valuation would be done to the earliest date. **Securities with multiple Put Options present ab-initio:** If a put option is not exercised when exercising such put option would have been in favor of the scheme, in such cases the justification for not exercising the put option shall be provided to the

Security Type	Category	Valuation Methodology
		Valuation Agencies, Board of AMC and Trustees on or before the last date of the notice period. The Valuation Agencies shall not take into account the remaining put options for the purpose of valuation of the security. The put option shall be considered as 'in favour of the scheme' if the yield of the valuation price ignoring the put option under evaluation is more than the contractual yield/coupon rate by 30 basis points.
Valuation of money market and debt securities classified as below investment grade or default	-	A money market or debt security shall be classified as "below investment grade" if the long term rating of the security issued by a SEBI registered Credit Rating Agency (CRA) is below BBB- or if the short term rating of the security is below A3. A money market or debt security shall be classified as "Default" if the interest and / or principal amount has not been received, on the day such amount was due or when such security has been downgraded to "Default" grade by a CRA. In this respect, Carnelian Mutual Fund would promptly inform to the valuation agencies and the CRAs, any instance of non-receipt of payment of interest and / or principal amount (part or full) in any security. 1. All money market and debt securities which are rated below investment grade shall be valued at the average of the security level price provided by valuation agencies. 2. Till such time the valuation agencies compute the valuation of money market and debt securities classified as below investment grade, such securities shall be valued on the basis of indicative haircuts provided by the valuation agencies. These indicative haircuts shall be applied on the date of credit event i.e. migration of the security to sub-investment grade and shall continue till the valuation agencies compute the valuation price of such securities. **<u>Consideration of traded price for valuation</u>** 3. In case of trades during the interim period between date of credit event and receipt of valuation price from valuation agencies, AMCs shall consider such traded price for valuation if it is lower than the

Security Type	Category	Valuation Methodology
		price post standard haircut. The said traded price shall be considered for valuation till the valuation price is determined by the valuation agencies. 4. In case of trades after the valuation price is computed by the valuation agencies as referred above and where the traded price is lower than such computed price, such traded price shall be considered for the purpose of valuation and the valuation price may be revised accordingly. 5. The trades referred above shall be of a minimum size as determined by valuation agencies. **Treatment of accrued interest, future interest accrual and future recovery** 6. The treatment of accrued interest and future accrual of interest, in case of money market and debt securities classified as below investment grade or default, is detailed below: a) The indicative haircut that has been applied to the principal should be applied to any accrued interest. b) In case of securities classified as below investment grade but not default, interest accrual may continue with the same haircut applied to the principal. In case of securities classified as default, no further interest accrual shall be made. 7. The following shall be the treatment of how any future recovery should be accounted for in terms of principal or interest: a) Any recovery shall first be adjusted against the outstanding interest recognized in the NAV and any balance shall be adjusted against the value of principal recognized in the NAV. b) Any recovery in excess of the carried value (i.e. the value recognized in NAV) should then be applied first towards amount of interest written off and then towards amount of principal written off. **Deviation from the indicative haircuts** 8. AMCs may deviate from the indicative haircuts and/or the valuation price for money market and debt securities rated below investment grade provided by the valuation agencies subject to the following:

Security Type	Category	Valuation Methodology
		a) The detailed rationale for deviation from the price post haircuts or the price provided by the valuation agencies shall be recorded by the AMC. b) The rationale for deviation along-with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis-a-vis the price post haircuts or the average of the price provided by the valuation agencies (as applicable) and the impact of such deviation on scheme NAV (in amount and percentage terms) shall be reported to the Board of AMC and Trustees. c) The rationale for deviation along-with details as mentioned in point (b) above shall also be disclosed to investors. In this regard, instances of deviations under separate head shall be disclose on the website immediately. d) Further, the total number of such instances shall also be disclosed in the monthly and half-yearly portfolio statements for the relevant period along-with an exact link to the website wherein the details of all such instances of deviation are available.
Interest Rate Futures	Traded	The exchange traded Interest Rate Futures would be valued based on the Daily settlement Price or any other derived price provided by the exchange.
Interest Rate Swaps and other Debt OTC Derivatives	-	Valuation would be done at average of Price provided for individual securities by valuation agencies or any other external independent agency(ies) as prescribed by AMFI. In absence of Price from valuation agencies, valuation shall be arrived at basis guidance from Investment Committee.
Market Linked Debentures	-	Valuation would be done at average of Price provided by valuation agencies. In absence of Price from valuation agencies, valuation shall be arrived at basis guidance from Investment Committee.
Inter-scheme Transfers (IST)	-	Inter-scheme transfer of all debt and money market securities would be done as per the Price provided by valuation agencies for the said purpose. If Prices from both the valuation agencies are received within the pre-agreed turnaround time (TAT) plus an additional grace time of 30 minutes, an average of the prices so received shall be used for IST.

Security Type	Category	Valuation Methodology
		If Prices from only one valuation agency are received within the agreed TAT plus an additional grace time of 30 minutes, then that Price will be used for IST. In case prices from any of the valuation agencies are received beyond the additional grace time of 30 minutes and are adopted for IST trade, then the same shall be approved by Valuation Committee. For securities where price is not provided by valuation agencies, the below-mentioned approach would be adopted. <u>For Fixed Income Securities (excluding Government Securities, Treasury Bills, Cash Management Bills, State Development Loans, Ujwal DISCOM Assurance Yojana (UDAY) Bond, etc.)</u> Inter-scheme will be done at the weighted average YTM of all trades for <u>same or similar security</u> on a public platform with minimum traded lot of INR 25 crore of face value at the time of inter-scheme. If there are eligible trades in the same security, the weighted average YTM of these will be considered. If there are no eligible trades in the same security, then weighted average YTM of similar securities will be considered. <u>Criteria for identifying the similar securities:</u> Similar security should be identified by the following waterfall logic: **A.** Same issuer with maturity date within ± 5 days of maturity date of security for inter-scheme transfer shall be considered first. If no such instance is available, then Step 2 to be followed: 1. *Example: For inter-scheme transfer of Canara Bank CD maturing on 15-Jun-2016, all secondary market trades of Canara Bank CD maturing within 10-Jun-2016to 20-Jun-2016 will be considered first* **B.** Similar security from a different issuer within the same category (PSU Bank, Private Bank or Financial Institution etc.) and having same credit rating, with maturity date within ± 5 days of maturity date of security considered for inter-scheme transfer *1. Example: For inter-scheme transfer of Canara Bank CD maturing on 15-Jun-2016, all secondary market trades of similar public sector bank CDs*

Security Type	Category	Valuation Methodology
		maturing within 10-Jun-2016 to 20-Jun-2016 having same credit rating will be considered **c.** Provided the maturity dates are within the same calendar quarter. Note: Outlier trades, if any, should be ignored after suitable justification by Valuation Committee. In case no data point is available for a security, in accordance with above principles: Inter-Scheme valuation will be at previously valued YTM. For Government Securities, Treasury Bills, Cash Management Bills, State Development Loans, Ujwal DISCOM Assurance Yojana (UDAY) Bond etc. Inter-scheme done would be at the last traded YTM on NDS-OM at the time of inter-scheme. In case of no trade on NDS-OM at the time of inter- scheme, previous day's YTM will be considered.
Foreign Securities including ADR/GDR		
ADR/GDR/other foreign securities	Traded	1. Foreign security shall be valued based on the last quoted closing price available on the overseas stock exchange, where the security is listed on multiple exchanges, price of the primary stock exchange in the respective jurisdiction would be considered for valuation. 2. When a security is not traded on stock exchange on the date of valuation, then the previous closing price will be used for valuation, provided such closing price is not exceeding a period of 30 calendar days. 3. However, in case of an extra ordinary event in other markets during the market hours or post the closure of the markets but before NAV computation, the AMC shall value the security at suitable fair value as determined by the Valuation Committee on a case-to-case basis. Further the valuation committee reserves right to suitably modify the defined priority or valuation methodology by documenting rationale for exception to the above defined policy. On valuation date, all assets and liabilities in foreign currency shall be valued in Indian Rupees at the reference rate available on FBIL.'s (Financial

Security Type	Category	Valuation Methodology
		Benchmarks India Pvt Ltd) website as at the close of banking hours on the relevant business day in India. For securities / exposure where RBI / FBIL reference rate is not available, the valuation committee would approve the exchange rate to be used. In case the direct exchange rates are not available, then cross currency rate with USD would be considered. The valuation committee reserves the right to change the source for determining the exchange rate with appropriate rationale in case of exceptional scenarios.
	Non-traded	Where the security is not traded, on the date of valuation, on any of the exchanges the last quoted closing price on the selected / primary stock exchange shall be used provided such date is not more than thirty days prior to the valuation date. Securities not traded for more than thirty days shall be valued by AMC at fair value after considering relevant factors on case-to-case basis. On valuation date, all assets and liabilities in foreign currency shall be valued in Indian Rupees at the reference rate available on FBIL.'s (Financial Benchmarks India Pvt Ltd) website as at the close of banking hours on the relevant business day in India. For securities / exposure where RBI / FBIL reference rate is not available, the valuation committee would approve the exchange rate to be used. In case the direct exchange rates are not available, then cross currency rate with USD would be considered. The valuation committee reserves right to change source for determining exchange rate with appropriate rationale in case of exceptional scenarios.
	Foreign Exchange Conversion	The Financial Benchmark India Private Ltd (FBIL)/Reserve Bank of India (RBI) reference rate at the time of closing of banking hours on the relevant business day in India would be used for available currencies and where the FBIL/RBI reference rate is not available; the rate available in Reuters at the time of closing of banking hours on the relevant business day in India (at 5:00 PM IST) shall be used. In case the direct exchange rates are not available on Reuters, then cross currency rate with United States Dollars (USD) would be considered and converted as per the Indian Rupees (INR)/USD FBIL/RBI reference rate.

Security Type	Category	Valuation Methodology
		The Trustee/AMC reserves the right to change the source of determining the exchange rate.
Securities Lending	-	The valuation of the securities lent shall be done in accordance with the norms laid down in the valuation policy. The lending fees received through the securities lending contract shall be valued at amortised cost and shall be accrued in a proportionate manner till maturity of the contract.
Mutual Fund (including ETF's) and Corporate Debt Market Development Fund Units		
Domestic Mutual Fund	-	As per guidelines issued by AMFI, Mutual Fund Units (including ETF's) listed and traded on exchanges would be valued at the last quoted closing price on the National Stock Exchange (NSE)/ Bombay Stock Exchange (BSE) or other stock exchange, where such security is listed. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered. NSE will be the primary stock exchange. Unlisted Mutual Fund Units and listed but not traded Mutual Fund Units (including ETF's) would be valued at the NAV as on the valuation day. In case if on any valuation day the domestic mutual fund is having a non-business day then latest day closing price/NAV would be considered for valuation.
Overseas Mutual Fund	-	Overseas Mutual Fund Units (including ETF's) listed and traded on exchanges would be valued at the last quoted closing price on the overseas stock exchange. In case the security is listed on multiple exchanges, price of the primary stock exchange in the respective jurisdiction would be considered for valuation. Unlisted Mutual Fund Units and listed but not traded Mutual Fund Units (including ETF's) would be valued at the NAV as on the valuation day. In case if on any valuation day the overseas mutual fund is having a non-business day then previous day closing price / NAV would be considered for valuation.
Corporate Debt Market Development Fund	-	Units of Corporate Debt Market Development Fund (CDMDF) would be valued at the published NAV as on the valuation day.

Security Type	Category	Valuation Methodology
ReITs / InvITs	-	On the valuation day, at the last quoted closing price on the National Stock Exchange (NSE)/ Bombay Stock Exchange (BSE) or other stock exchange, where such security is listed. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered. NSE will be the primary stock exchange. When security is not traded on any stock exchange, on the date of valuation, then the previous closing price on NSE / any other stock exchange will be used, provided such closing price does not exceed a period of 30 calendar days. **Allotted but Listing awaited:** Valuation of units of InvITs/ReITs post allotment but awaiting listing shall be carried out as per allotment price. In case of the below mentioned scenarios, the valuation committee would recommend appropriate valuation methodology to determine the fair value of the security: ▪ Security is not traded beyond 30 calendar days ▪ Any unlisted security received as a part of mandatory corporate action or any other such events impacting the schemes.
Gold, Silver, Other Commodities and Exchange Traded Commodity Derivatives		
Gold and Silver	-	SEBI has notified SEBI (Mutual Funds) Regulations, 2026 vide notification no. LAD-NRO/GN/2026/294 dated January 14, 2026 to come into force from April 01, 2026. Accordingly, it has been decided that with effect from April 01, 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. The AMC shall follow the circular and guidelines issued by SEBI and AMFI, from time to time.

Security Type	Category	Valuation Methodology
Exchange Traded Commodities Derivatives (ETCDs) Contracts	-	Futures and Options will be valued at the settlement price provided by the respective commodity exchange where they are listed / traded. In case necessary details to value ETCDs are not available the same would be valued based on guidance from valuation committee.
Other Commodities (physical received from trading in ETCDs other than the Gold & Silver)	-	On receipt of the physical stocks at the accredited warehouses of the exchanges, at the allocated location, the commodity will be valued daily at the pooled physical price of the respective location published by the respective commodity exchanges. If the pooled physical prices are not available on the respective commodity exchanges, then below waterfall approach would be adopted. i.Price of the derivative position best reflecting the physical holding (location of warehousing & expiry) which the scheme owns will be considered for valuation. i.Previous day valuation price In case necessary details to value are not available the same would be valued based on guidance from valuation committee
Gold Monetisation Scheme (GMS)	-	Gold Monetisation Scheme (GMS) of banks having gold held as underlying, shall be carried out in line with the same principles as provided for valuation of physical gold (stated in the Valuation Policy above). Interest received on such GMS shall be accrued in proportionate manner till the maturity of deposits.

Notes:

1. Public Platform refers to:

Clearcorp F-TRAC Platform of Clearcorp Dealing Systems (India) Ltd. (CDSIL), NSE & BSE :

<u>For Commercial Papers and Certificate of Deposits</u>
Clearcorp F-TRAC Platform of Clearcorp Dealing Systems (India) Ltd. (CDSIL)

<u>For corporate bonds / debentures and securitized debts order of preference for the Public Platforms for consideration would be as follow:</u>

NSE – NSE OTC
BSE – ICDM

NDS-OM: For Government Securities, Treasury Bills, Cash Management Bills, State Development Loans, Ujwal DISCOM Assurance Yojana Bond, etc.

2. Weighted average YTM / Last Traded YTM shall be rounded up to two digits after decimal point.

3. Securities with Put/Call Options – Would be valued as per security level prices provided by the valuation agencies for the said purpose.

4. The valuation of security lent shall be done as per the valuation methodology stated for respective security in Annexure I of this valuation policy. The lending fee received for the security lent would be amortized proportionately, until expiry of the contract.

5. In case of any deviation from the valuation price for money market and debt securities provided by the valuation agencies, AMC shall follow the procedure as mentioned in Chapter 10 of SEBI Master Circular.

Waterfall Mechanism for valuation of money market, debt and government securities:

SEBI vide Chapter 10 of SEBI Master Circular has laid down broad principles for waterfall approach to be followed for valuation of debt, money market and government securities. The said circular prescribes AMFI shall ensure valuation agencies have a documented waterfall approach for valuation of Debt & money market securities.

The AMFI best practices guidelines circular no. 135/BP/83/2019-20 dated November 18, 2019, provided guidelines on waterfall approach to be followed for valuation money market and debt securities. The said approach is documented in Annexure 2 – Part A .

ANNEXURE – 2 - VALUATION OF OTHER SECURITIES

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

1. Waterfall Mechanism for valuation of money market and debt securities:

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

i. Volume Weighted Average Yield (VWAY) of primary reissuances of the same ISIN (whether through book building or fixed price) and secondary trades in the same ISIN
ii. VWAY of primary issuances through book building of same issuer, similar maturity (Refer Note 1below)
iii. VWAY of secondary trades of same issuer, similar maturity
iv. VWAY of primary issuances through fixed price auction of same issuer, similar maturity
v. VWAY of primary issuances through book building of similar issuer, similar maturity (Refer Note 1below)

vi. VWAY of secondary trades of similar issuer, similar maturity.
vii. VWAY of primary issuance through fixed price auction of similar issuer, similar maturity
viii. Construction of matrix (polling may also be used for matrix construction)
ix. In case of exceptional circumstances, polling for security level valuation (Refer Note 2 below)

Note 1

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

Note 2

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

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

Note 3

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

Note 4

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

The following events would be considered exceptional events:

- Monetary / Credit Policy

- Union Budget
- Government Borrowing / Auction Days
- Material Statements on Sovereign Rating
- Issuer or Sector Specific events which have a material impact on yields
- Central Government Election Days
- Quarter end days

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

2. Definition of tenure buckets for Similar Maturity

When a trade in the same ISIN has not taken place, reference should be taken to trades of either the same issuer or a similar issuer, where the residual tenure matches the tenure of the bond to be priced. However, as it may not be possible to match the exact tenure, it is proposed that tenure buckets are created and trades falling within such similar maturity be used as per table below.

Residual Tenure of Bond to be priced	Criteria for similar maturity
Up to 1 month	Calendar Weekly Bucket
Greater than 1 month to 3 months	Calendar Fortnightly Bucket
Greater than 3 months to 1year	Calendar Monthly Bucket
Greater than 1 year to 3 years	Calendar Quarterly Bucket
Greater than 3 years	Calendar Half Yearly or Greater Bucket

In addition to the above:

a. In case of market events, or to account for specific market nuances, valuation agencies may be permitted to vary the bucket in which the trade is matched or to split buckets to finer time periods as necessary. Such changes shall be auditable. Some examples of market events / nuances include cases where traded yields for securities with residual tenure of less than 90 days and more than 90 days are markedly different even though both may fall within the same maturity bucket, similarly for less than 30 days and more than 30 days or cases where yields for the last week v/s second last week of certain months such as calendar quarter ends can differ.

b. In the case of illiquid/ semi liquid bonds, it is proposed that traded spreads be permitted to be used for longer maturity buckets (1year and above). However, the yield should be adjusted to account for steepness of the yield curve across maturities.

c. The changes / deviations mentioned in clauses a and b above should be documented, along with the detailed rationale for the same. Processes for making such deviations shall also be recorded. Such records shall be preserved for verification.

3. Process for determination of similar issuer

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

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

The above criteria are stated as principles and the final determination on criteria, and whether in combination or isolation shall be determined by the valuation agencies. The criteria used for such determination should be documented along with the detailed rationale for the same in each instance. Such records shall be preserved for verification. Similar issuers which trade at same level or replicate each other's movements are used in waterfall approach for valuations. However, similar issuer may also be used just to trigger the review of spreads for other securities in the similar issuer category basis the trade/news/action in any security/ies within the similar issuer group.

4. Recognition of trades and outlier criteria

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

Chapter 10 of SEBI Master Circular on Valuation of securities, prescribes that the marketable lots shall be defined by AMFI, in consultation with SEBI. In this regard, marketable lot is defined as under.

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

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

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

ii. Outlier criteria

It is critical to identify and disregard trades which are aberrations, do not reflect market levels and may potentially lead to mispricing of a security or group of securities. Hence, the

following broad principles would be followed by valuation agencies for determining outlier criteria.

a. Outlier trades shall be classified on the basis of liquidity buckets (Liquid, Semi-liquid, and Illiquid). Price discovery for liquid issuers is generally easier than that of illiquid issuers and hence a tighter pricing band as compared to illiquid issuers would be appropriate.

b. The outlier trades shall be determined basis the yield movement of the trade, over and above the yield movement of the matrix. Relative movement ensures that general market movements are accounted for in determining trades that are outliers. Hence, relative movement over and above benchmark movement shall be used to identify outlier trades.

c. Potential outlier trades which are identified through objective criteria defined above will be validated through polling from market participants. Potential outlier trades that are not validated through polling shall be ignored for the purpose of valuation.

d. The following criteria shall be used by valuation agencies in determining Outlier Trades

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

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

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

<u>Liquidity classification criteria-liquid, semi Liquid and Illiquid definition</u>

Valuation agencies shall use standard criteria for classifying trades as Liquid, Semi-Liquid and illiquid basis the following two criteria

1. Trading Volume
2. Spread over reference yield

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

Trading Volume (Traded days) based criteria:

Number of unique days an issuer trades in the secondary market or issues a new security in the primary market in a calendar quarter

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

Spread based criteria:

Spread over the matrix shall be computed and based on thresholds defined, issuers shall be classified as liquid, semi liquid and illiquid. For bonds thresholds are defined as up to 15 bps for liquid; >15-75 bps for semi-liquid; > 75 bps for illiquid. (Here, spread is computed as average spread of issuer over AAA Public Sector Undertakings/Financial Institutions/Banks matrix), For CP/ CD- up to 25 bps for liquid; >25- 50 bps for semiliquid; >50 bps for illiquid. (Here, spread is computed as average spread of issuer over A1+/AAA CD Bank matrix).

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

5. Process for construction of spread matrix

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

Steps	Detailed Process
Step 1	**Segmentation of corporates-** The entire corporate sector is first categorized across following four sectors i.e. all the corporates will be catalogued under one of the below mentioned bucket: 1. Public Sector Undertakings/Financial Institutions/Banks; 2. Non-Banking Finance Companies -except Housing Finance Companies; 3. Housing Finance Companies; 4. Other Corporates
Step 2	**Representative issuers -** For the aforesaid 4 sectors, representative issuers (Benchmark Issuers) shall be chosen by the valuation agencies for only higher rating {I.e. "AAA"

Steps	Detailed Process
	or AA+). Benchmark/Representative Issuers will be identified basis high liquidity, availability across tenure in AAA/AA+ category and having lower credit/liquidity premium. Benchmark Issuers can be single or multiple for each sector. It may not be possible to find representative issuers in the lower rated segments, however in case of any change in spread in a particular rating segment, the spreads in lower rated segments should be suitably adjusted to reflect the market conditions. In this respect, in case spreads over benchmark are widening at a better rated segment, then adjustments should be made across lower rated segments, such that compression of spreads is not seen at any step. For instance, if there is widening of spread of AA segment over the AAA benchmark, then there should not be any compression in spreads between AA and A rated segment and so on.
Step 3	**Calculation of benchmark curve and calculation of spread** 1. Yield curve to be calculated for representative issuers for each sector for maturity ranging from 1month till 20 years and above. 2. Waterfall approach as defined in Part A (1) above will be used for construction of yield curve of each sector. 3. In the event of no data related to trades/primary issuances in the securities of the representative issuer is available, polling shall be conducted from market participants 4. Yield curve for Representative Issuers will be created on daily basis for all 4 sectors. All other issuers will be pegged to the respective benchmark issuers depending on the sector, parentage and characteristics. Spread over the benchmark curve for each security is computed using latest available trades/primaries/polls for respective maturity bucket over the Benchmark Issuer. Spreads will be carried forward in case no data points in terms of trades/primaries/polls are available for any issuer and respective benchmark movement will be given
Step 4	1. The principles of VWAY, outlier trades and exceptional events shall be applicable while constructing the benchmark curve on the basis of trades/primary issuances. 2. In case of rating downgrade/credit event/change in liquidity or any other material event in Representative Issuers, new Representative Issuers will be identified. Also, in case there are two credit ratings, the lower rating to be considered. 3. Residual tenure of the securities of representative issuers shall be used for construction of yield curve.

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

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

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

Note:

1. VWAY shall be computed from trades which meet the marketable lot criteria stated in Part A of these Guidelines.
2. Outlier criteria: Any trade deviating by more than+/- 5 bps post factoring the movement of benchmark security shall be identified as outlier. Such outlier shall be validated through polling for inclusion in valuations. If the trades are not validated, such trades shall be ignored.

Part C: Valuation of Upfront Fees on trades

In terms of Chapter 10 of SEBI Master Circular read with AMFI Best Practices Guidelines Circular no. 83/2019-20 dated November 18, 2019, the guidelines for valuation of any up-front fee (or any other consideration, by whatever name called) received in a Mutual Fund scheme is as follows –

- Upfront fees on all trades (including primary market trades), by whatever name or manner called, shall be considered by the valuation agencies for the purpose of valuation of the relevant security.
- Details of such upfront fees shalprol be shared by the AMCs with the valuation agencies on the trade date, as part of trade reporting, to enable the valuation agencies to arrive at the fair valuation of the security for that date.
- For accounting purposes, such upfront fees shall be reduced from the cost of the investment in the scheme that has made the investment.
- In cases where upfront fees are received across multiple schemes, such upfront fees shall be allocated on a pro-rata basis across the respective schemes.

Part E: GUIDELINES ON INVESTMENT IN PARTLY PAID DEBENTURES

The following guidelines are being issued for standardizing investments in partly paid debentures, to be uniformly implemented / complied with by Asset Management Companies (AMCs):

Mutual Fund schemes shall make investment in partly paid debentures only when payment of the remaining amount is linked to clear, pre-defined events (i.e. subject to conditions

precedent). For avoidance of doubt, any event which is purely time-based shall not be considered as a pre-defined event. Such conditions precedent should be clearly outlined in the Agreement for Subscription of the Debentures / Offer Document for the issue, as the case may be.

Conditions precedent means the clearly defined obligations / events that need to be fulfilled before calling upon the investor to make payment for the remaining portion of the subscription. Such obligations / events, to name a few, could include achievement of certain milestones linked with the object for which the debentures were issued, or linked to the enhancement of credit rating of the issuer, or linked to other financial or operating parameters of the issuer, or linked to the happening of an event.

AMCs shall not resort to the practice of investing in partly paid debentures without any condition precedent.

1. There should not be any linkages across schemes while investing in partly paid debentures.
For example, if the agreement for partly paid debentures also envisages investment in any other type of instrument such as commercial paper, then the AMCs should ensure that subscription to the residual part of the issue / the investment in the other instrument is made by the scheme which made the original investment in partly paid debentures.
2. While investing in partly paid debentures, AMCs shall ensure that the interest of one set of unitholders / schemes is not compromised at the cost of another.
3. All regulatory limits shall be complied with at the time of each such part payment.
4. In order to avoid a situation where a MF scheme is unable to honour future part payments, AMCs should avoid excessive concentration in partly paid debentures.
5. Any investment in partly paid debentures has to be disclosed in the monthly portfolio disclosures of the scheme. This should include, inter alia, the amount that has been contracted but not yet paid by the scheme, the dates of such future pay-ins, triggers for future pay-ins, as well as any other detail that, in the fund house's view, may be of material interest to its investors.

Part E: Valuation of Bonds (AT 1 Bonds and Tier 2 Bonds) issued under Basel III framework

1. Currently a bond is considered traded, if there is at least one trade in market lot in that particular ISIN. If the bond does not get traded there is a defined waterfall mechanism for valuation of that bond as per AMFI Best Practice Guideline circular no. No. 83 / 2019-20 dated November 18, 2019.

2. The said waterfall requires grouping of same issuer with similar maturity and similar issuers with similar maturity. However, in case any ISIN of issuer has not traded, the valuation of AT-1 Bonds is currently done based on adjusting spread directly to the benchmark security.

3. In order to improve existing valuation of these bonds and implement the defined waterfall, following is proposed to be done:
i. Form two types of ISINs:
a) Benchmark ISINs (a non-benchmark ISIN can be linked to only one benchmark ISIN. Currently, SBI ISINs happens to be the benchmark ISINs across all maturities for AT-1 Bonds.)
b) Non-benchmark ISINs (Will be divided into multiple groups based on similar issuer and similar maturity).
c) The groups will be decided in consultation with valuation agencies. The two main criteria envisaged to be used here would be Tier 1 / Tier 2 ratings of the ISINs / Issuers, and the spread range in which the group of ISINs / Issuer's trade over the benchmark.

ii. Take a look back period for trade recognition as under:
a) 15 working days for benchmark ISINs
b) 30 working days for non-benchmark ISINs
c) This will be revised to 7 working days for benchmark ISIN and 15 working days for non-benchmark ISINs from October 01, 2021.

4. If the ISIN gets traded, the traded YTM will be taken for the purpose of valuation. Further, if 1 ISIN of the issuer trades all other ISINs of issuers will be considered as traded but with necessary adjustment of spread to YTM. If none of the ISIN of the issuer gets traded, the trade of similar issuer in the group will be taken to valuation however with necessary adjustment of spread to YTM of similar issuer similar maturity. If none of the ISIN in a group gets traded on any particular day, an actual trade in a look back period will be seen. If there is an actual trade in look back period the security will be considered as traded and valued with necessary adjustment of spread to YTM. According to this valuation will be done based on the trade of issuer, trade of similar issuer and as an additional layer a look back period of is requested. It is confirmed that spread over YTM will be taken without any adjustment of modified duration to call.

5. Further, as the valuation is based on trade during the look back period, it is confirmed that a spread will be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
6. However, if there is no actual trade of any ISIN of the issuer as well as similar issuer during look back period also then valuation will be done by taking spread over matrix and/or polling in line with the waterfall mechanism prescribed by AMFI.

Points 4, 5 & 6 have been further elaborated in the detailed Appendix 1.0 attached hereto.

7. AMCs shall adopt maturity of 100 years for perpetual bond issued by banks. There will be a glide path for smooth implementation. The Deemed Residual Maturity for the Purpose of Calculation of valuation as well as Macaulay Duration for existing as well as new perpetual

bonds issued: Time Period Deemed Residual Maturity (Years) Till March 31, 2022 10 April 01, 2022 – September 30, 2022 20 October 01, 2022 – March 31, 2023 30 March 31, 2023 onwards 100 # the residual maturity will always remain above the deemed residual maturity proposed above.

8. Hitherto, Mutual Fund industry used to value Tier II bonds considering first call date as a deemed maturity date. Therefore, a glide path is required for valuation as well as calculation of Macaulay Duration for tier II bonds also. Accordingly, valuation methodology, as mentioned above, for AT-1 Bonds is to be followed for the valuation of tier II bonds also. Further, the Macaulay Duration is proposed to be calculated as under for Tier II bonds: Time Period Deemed Residual Maturity for all securities (Years) April 01, 2021 – March 31, 2022 10 years or contractual maturity whichever is earlier April 01, 2022 onwards Actual Maturity

9. Besides, AT-1 bonds and Tier 2 bonds being different categories of bonds, the valuation of these bonds will be done separately (i.e.) ISIN of AT-1 bond traded will not mean that ISIN of Tier-2 bonds of the same issuer have also traded. However, if any issuer does not exercise call option for any ISIN, then the valuation and calculation of Macaulay Duration should be done considering maturity of 100 years from the date of issuance for AT-1 Bonds and Contractual Maturity for Tier 2 bonds, for all ISINs of the issuer.

10. It is confirmed that the Macaulay Duration of ISINs will be calculated based on the deemed residual maturity proposed in para 7 and 8 above to reflect the duration risk.

11. Further, henceforth mutual funds will disclose both Yield to Call and Yield to Maturity.

Appendix 1.0: Illustration for point 4 to 6

ABC and XYZ are similar issuer and similar maturity:

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

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

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

Issuers	ABC		XYZ		Valuation of ABC ISIN 1
Trade	**ISIN 1**	**ISIN 2**	**ISIN 1**	**ISIN 2**	
No trade today. Check for actual trade during look back	N	N	Y	N	Arrive at YTM of ISIN 1 of XYZ by adjusting spread to the movement of benchmark ISIN over the period. Then the spread of YTM of XYZ ISIN 1 and ABC ISIN 1 is to be adjusted to arrive at YTM of ISIN 1 of ABC. Also, adjustment will be done to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
No trade today. Check for actual trade during look back	N	N	N	Y	Take YTM of ISIN 2 of XYZ by adjusting spread to the movement of benchmark ISIN over the period. Adjust the spread of YTM of ISIN 1 of XYZ and ISIN 2 of XYZ to arrive at YTM of ISIN 1 of XYZ. YTM of ISIN I of ABC will be derived by adjusting spread of YTM of ISIN 1 of XYZ to ISIN 1 of ABC (which appears to be a nearest maturity to ABC ISIN 1). Further, YTM will be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
Not Traded During look back	N	N	N	N	Valuation will be done considering spread over matrix and/or polling in line with the waterfall mechanism prescribed by AMFI.

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

ANNEXURE – 3 - CHANGES IN TERMS OF INVESTMENT

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

(a) Any changes to the terms of investment, including extension in the maturity of a money market or debt security, shall be reported to valuation agencies and SEBI registered Credit Rating Agencies (CRAs) immediately, along-with reasons for such changes.

(b) Any extension in the maturity of a money market or debt security shall result in the security being treated as "Default", for the purpose of valuation.

(c) If the maturity date of a money market or debt security is shortened and then subsequently extended, the security shall be treated as "Default" for the purpose of valuation.

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

ANNEXURE – 4 - AMFI GUIDELINES ON POLLING PROCESS FOR MONEY MARKET AND DEBT SECURITIES

In terms of Chapter 10 of SEBI Master circular read with and AMFI Best Practices Guidelines Circular no. 83/2019-20 dated November 18, 2019, prescribes the guidelines on polling by valuation agencies and on the responsibilities of Mutual Funds in the polling process, as part of the waterfall approach for valuation of money market and debt securities. In this regard, the following Guidelines were prescribed :

Polling Guidelines:

1. Valuation agencies shall identify the Mutual Funds who shall participate in the polling process on a particular day, taking into account actors such as diversification of poll submitters and portfolio holding of the Mutual Funds. Mutual Funds who are identified by the valuation agencies shall necessarily participate in the polling process. However, in case any Mutual Fund does not participate in the polling process, detailed reason for the same shall be recorded at the time and subsequently made available during SEBI inspections. In this respect, since a Mutual Fund may have investments in similar securities, a security not forming part of investment universe may not be considered as an adequate reason for not participating in the polling process.
2. Polling will be carried out on a daily basis by the valuation agencies, in terms of points 9-11 below.
3. Each valuation agency needs to take polls from at least 5 unique Mutual Funds on a daily basis. Hence, between the two valuation agencies 10 unique Mutual Funds to be polled. They may cover more Mutual Funds, over and above this. For benchmark securities a poll constituting at least 5 responses will be considered as valid. In case of non-benchmark securities a poll constituting at least 3 responses will be considered as valid. The responses received by each valuation agency will be shared with the other agency also.
4. Median of polls shall be taken for usage in valuation process.
5. The valuation agencies will also need to cover as many non- Mutual Fund participants as possible, over and above the Mutual Funds, to improve on the polling output quality.

6. Endeavour would be made to have adequate representation of both holders and non-holders of the same bond/same issuer for non-benchmark securities in the poll process. Where this is not possible, valuation agencies may seek polls from holders of bonds with a similar structure.

7. In the case of issuers with multiple notch rating upgrades / downgrades over short periods of time, valuation agencies shall:

- Conduct polls with a larger universe of pollers.
- Increase the frequency of polling

8. Suo-moto feedback on valuations should be entertained only through formal mails from persons designated by AMC for said purpose, and the same shall be validated through re-polling. Any such feedback shall be duly recorded by the valuation agencies, including the reason for the challenge, results of re-polling and subsequent changes in valuation on re- polling, if any. Such records shall be preserved by the valuation agencies, for verification.

9. Polling will be done for two sets of securities, Benchmark & Others.

10. Benchmark will be defined for the following categories across tenors.

- Treasury Bills
- Central Government Securities
- State Government Securities
- AAA PSU / PFI /PSU Banks
- AAA Private
- NBFC
- HFC
- Any other as required for improving fair valuations.

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

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

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

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

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

- The process of participating in a polling exercise.
- Identify the roles and responsibilities of persons participating in the polling.
- Include policies and procedures for arriving at the poll submission
- Cover the role of the Board of AMC and Trustees, and the periodic reporting that needs to be submitted to them.

- All polling should be preferably over email. In case for any reason, the polling is done by way of a telephonic call then such a call should be over recorded lines, followed subsequently by an email.
- AMCs should have adequate business continuity arrangements for polling, with the necessary infrastructure / skill to ensure that consistent delivery of poll submissions is made without material interruption due to any failure, human or technical.

15. All polling done will have to be documented and preserved in format approved by the Board of AMC, for a period of eight years, along-with details of the basis of polling (such as market transactions, market quotes, expert judgement etc.).
16. AMCs shall ensure that participation in the polling process is not misused to inappropriately influence the valuation of securities. The officials of the AMC who are responsible for polling in terms of point no. 14 above, shall also be personally liable for any misuse of the polling process.
17. AMCs shall maintain an audit trail for all polls submitted to valuation agencies

Redemption

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 Carnelian 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:

= Rs. 10.00 * (1-0.02)

= Rs. 10.00 * (0.98)

= 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 endeavour to credit the redemptions payouts directly to the designated Bank A/c of the unitholders of Carnelian 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.

COMPUTATION OF NAV

A. Policy of 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 AMC shall calculate NAV for each calendar day for their liquid fund and overnight fund schemes and plans. For all other schemes, the AMC shall calculate NAV for each business day.

The NAV of the Units of the Scheme will be computed by dividing the net assets of the Scheme by the number of Units outstanding on the valuation date. The Fund shall value its investments according to the valuation norms, as specified in Schedule VIII of the Regulations, or such norms as may be prescribed by SEBI from time to time.

All expenses and incomes accrued up to the valuation date shall be considered for computation of NAV. For this purpose, major expenses like management fees and other periodic expenses would be accrued on a day to day basis. The minor expenses and income will be accrued on a periodic basis, provided the non-daily accrual does not affect the NAV calculations by more than 1%.

Any changes in securities and in the number of units be recorded in the books not later than the first valuation date following the date of transaction. If this is not possible given the frequency of the Net Asset Value disclosure, the recording may be delayed upto a period of seven days following the date of the transaction, provided that as a result of the non-recording, the Net Asset Value calculations shall not be affected by more than 1%.

In case the Net Asset Value of a scheme differs by more than 1%, due to non - recording of the transactions, the investors or scheme/s as the case may be, shall be paid the difference in amount as follows:-

(i) If the investors are allotted units at a price higher than Net Asset Value or are given a price lower than Net Asset Value at the time of sale of their units, they shall be paid the difference in amount by the scheme.
(ii) If the investors are charged lower Net Asset Value at the time of purchase of their units or are given higher Net Asset Value at the time of sale of their units, asset management company shall pay the difference in amount to the scheme.

The asset management company may recover the difference from the investors.

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

NAV (Rs.) per unit =

Market or Fair Value of Scheme's investments	+	Current Assets including Accrued Income	-	Current Liabilities and Provisions including accrued expenses

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No. of Units outstanding under Scheme

The valuation of the Scheme's assets and calculation of the Scheme's NAV shall be subject to audit on an annual basis and shall be subject to such regulations as may be prescribed by SEBI from time to time.

B. Policy on rounding off:

As per regulations, 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 three decimal places. However, Mutual Funds can round off the NAVs up to more than four or two decimal places as may be applicable, at its discretion.

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

The AMC shall follow the Valuation Policy for computation of the NAV of the schemes investing in foreign securities.

D. Procedure in case of delay in disclosure of NAV

In case the NAV is not uploaded by stipulated time line on AMC and AMFI website it shall be explained in writing to AMFI for non adherence of time limit for uploading NAV and shall be reported in the quarterly CTR. If the NAVs are not available before the commencement of business hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.

IX.TAX & LEGAL & GENERAL INFORMATION

A: Taxation on Investing in Mutual

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:

Transactions/Particulars	Payable by Purchaser	Payable by Seller
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%

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)[1]. 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')[1] 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:

Assessee	**% of Income Tax**
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:

Total Income	**Tax rates (excluding surcharge and cess)**
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:

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

^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%	

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**
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.

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	Gold ETF, Silver ETF &	Listed	More than 12 Months

	Funds	International ETFs		
			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 Distributed Income under Dividend Option**
	Short Term	**Long Term**	
Resident Individual / HUF / AOP / BOI	20%	12.5%	At the applicable slab rate*
Domestic Companies			
NRIs			
FII[1]			20%

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

Notes:

[1] 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

- 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 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 shortterm 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	15%/22%/ 25%/ 30%^	
NRIs	At the applicable slab rate**	
FII[2]	30%	NA

***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 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.

[2] 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

- 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[3]	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)
- 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:

[3] 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

- The benefit of cost inflation index is not available while computing capital gains on transfer of longterm 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'[5]), 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[6] 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^	
3	Other Mutual Funds	Gold ETF Silver ETF & International ETFs, etc)	Listed	12.50%	Applicable slab rates

Sr. No.	Category of Mutual Fund scheme	Sub-category of Mutual Fund	Listed / Unlisted	Long term tax rate**	Short Term tax rate**
			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 ^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[7].

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.

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% [8]

However, the provisions of this section shall not apply to a non-resident who does not have permanent establishment in India.

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.

[1] 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.

[2] 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
[3] 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

[4] 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
[5] MAT should not apply in case of domestic companies exercising option under section 115BAA and section 115BAB of the Act.

[6] 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.
[7] 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.
[8] As amended by Finance Act 2023 w.e.f. 1 July 2023.

A. Legal Information

Nomination Facility:
Pursuant to Regulation 27 of the SEBI (MF) Regulations, the AMC is providing an option to the Unit holder to nominate (in the manner prescribed under the SEBI (MF) Regulations), a person(s) in whom the Units held by him shall vest in the event of his death. The Unit Holder/s can at the time an application is made or by subsequently writing to OPAT, request for a Nomination Form in order to nominate one/more person/s (multiple nominations) to receive the Units upon his/ her death subject to the completion of the necessary formalities eg. Name of the nominee, relationship, DOB if Minor

SEBI vide its para 15.14 of SEBI Master circular dated March 20, 2026, specified that all new investors/unitholders shall mandatorily provide the 'Choice of Nomination' for demat accounts/ MF Folios in the prescribed format.

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(s). A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder. The nominee(s) 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(s) under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney and/or Guardian of Minor unitholder cannot nominate. The Nominee shall not be a trust other than a religious or charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a Nominee subject to the exchange controls in force from time to time. Minor(s) can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the Unit

holder. Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of his office or a religious or charitable trust.

Nomination in respect of the Units stands rescinded upon the Redemption of Units. On cancellation of the nomination the nomination shall stand rescinded and the Mutual Fund / AMC shall not be under any obligation to transfer the Units in favour of the nominee(s). The nomination facility extended under the Scheme is subject to existing laws. The AMC shall, subject to production of such evidence which in their opinion is sufficient, proceed to effect the payment to the Nominee(s). Transfer of Units / payment to the nominee(s) of the sums shall discharge the Mutual Fund / AMC of all liability towards the estate of the deceased Unit holder and his/her/their successors/legal heirs.

Existing Investors, having a folio number and who wish to get units allotted in non-demat mode, in the existing folio number, should mention their folio number. If existing folio number is mentioned, investors should only fill the section on Investment Details. Investors should skip and should not mention joint applicants, bank account, nomination and unit holding option. If an existing folio is mentioned, the investment will be in same folio, even if the joint holders are different. Further, other details like bank account, nomination etc will not be considered, even if mentioned differently from existing folio details. Investors should use separate designated forms for updating bank account details, nomination etc.

In the event of death of the Unitholder and in the event a nominee has been named, the nominee shall stand transposed in respect of the Units held by the Unit holder. Such nominee (new Unit holder) will hold the Units in trust for and on behalf of the estate of the original Unit holder and his / her legal heirs. All payments and settlements made to such nominee shall be a full and valid discharge of obligation by the AMC / Mutual Fund / Trustees.

Pursuant to AMFI Best Practice Guidelines Circular No.20/2010-11 & SEBI circular SEBI/HO/OIAE/OIAE_IAD-3/P/ON/2025/01650 dt January 10, 2025 & SEBI circular: SEBI/HO/OIAE/OIAE_IAD-3/P/ON/2025/0027 dated February 28, 2025 and SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2026/12676 dated May 29, 2026, the following additional Operational guidelines has to be followed for cases of nomination:

a) Nomination shall be mandatory for new folios/accounts opened by individual especially with sole holding and no new folios/accounts for individuals in single holding should be opened without nomination.
b) Even those investors who do not wish to nominate must sign separately confirming their non-intention to nominate.
c) The mode of operation (of the joint account), namely that of the first named holder or anyone or survivor or either or survivor basis or joint, etc. shall be un affected by the rule of survivorship.
d) Nomination will be optional for jointly held folios.
e) Nomination is mandatory for single-holding accounts but optional for jointly held folios. However, investors are encouraged to nominate.

f) In the event if there are more than one holders in the folio, the form needs to be signed as per the mode of holding.
g) Investor shall mandatorily provide the personal identifier information of respective nominee's in the prescribed form.
h) Nomination can be made for maximum number of three nominees. In case of multiple nominees, the percentage of the allocation/share should be in whole numbers without any decimals making a total of 100%. In the event of the unit holder(s) not indicating the percentage of allocation/share for each of the nominees, the AMC, by invoking default option shall settle the claims equally amongst all the nominees.
i) Nomination form cannot be signed by Power of attorney (POA) holders and in the folio of a Minor unitholder.
j) Every new nomination for a folio/account will overwrite the existing nomination.
k) Investor shall also submit the nomination online. For digital submissions, the identity of the investor will be validated using e-sign or two-factor authentication.
l) In case of multiple nominees, upon the demise of the investor, the nominees may either continue in the same account / folio or open separate account /folio, for their respective holding.
m) Mandatory information: Name of nominee and the nature of relationship of the nominee with the investor. Date of birth is mandatory, in case the nominee is a minor.
n) Optional information: contact details of nominee like mobile number, e-mail address, percentage share of each nominee, KYC / identifier of the nominee and details of the guardian, if the nominee(s) is / are minor/s. Where the percentage share of each nominee is not specified, the assets in the account / folio shall be apportioned among the nominees equally. Any odd lot after division shall be transferred to the first nominee mentioned in the form.
o) The regulated entities shall facilitate the investors, who choose to key-in / fill-in all or any or none of optional information, to do so by providing all the fields in sub-paragraph 7 b. above, in the nomination form (both online and offline mode).
p) Investors can provide, changes or cancel nominations any number of times.
q) For physical / offline nomination The nomination form shall be signed under wet signature of the account / folio holder and signature of witness shall not be required. However, if the account / folio holder affixes his / her thumb impression (instead of wet signature), then the same shall be witnessed by two persons and details of such witnesses (name and address) shall be duly captured in the nomination form.

"On Behalf of Minor" Accounts:
a) The minor shall be the first and the sole holder in the folio.
b) Guardian, being a natural guardian (i.e. father or mother) or a court appointed legal guardian should submit requisite documentary evidence to AMC/registrar of fund to ascertain relationship/status of guardian.
c) Date of birth of the minor along with supporting documents (i.e. Birth certificate, School leaving certificate / Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE, Passport, PAN card etc., or other prescribed documents) should be provided while opening the folio.

Prevention of Money Laundering

The Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines / circulars pertaining to Anti Money Laundering, released by SEBI (AML Laws), require intermediaries, including Mutual Funds, to interalia formulate and implement Client Identification Programme, verify and maintain the record of identity and address(es) of investors etc. To facilitate uniform implementation of these guidelines, AMFI had circulated Client Identification implementation procedure to all the Mutual Funds.

In order to ensure appropriate compliance with the AML Laws, to facilitate data capture and ensure easy and convenient submission of documents by investors, the mutual fund industry has collectively entrusted this responsibility of collection of documents relating to identity and address and record keeping to an independent agency that will act as central record keeping agency (KYC Registration Agency/Central Agency). As a token of having verified the identity and address and for efficient retrieval of records, the Central Agency will issue appropriate acknowledgement to each investor who submits an application and the prescribed documents to the Central Agency.

Investors who have obtained the acknowledgement from KYC Registration Agency, for having completed the Know Your Client (KYC) requirements can invest in the schemes of the mutual fund. Such evidence of having completed KYC needs to be submitted by Investors to the Mutual Funds.

Uniform Know Your Customers ("KYC") requirements for the Securities Market

With effect from January 01, 2012, all investors other than KYC compliant investors are required to follow the new KYC compliance procedure as mentioned below while making any investments with Carnelian Mutual Fund ("the Fund"):

- Fill up and sign the KYC application form (for individual investors or non-individual investors as appropriate) available on the Fund's website i.e. www.carnelianmf.com ;

- At the time of transacting with the Fund, submit, in person, the completed KYC application form along with all the necessary documents as mentioned in the KYC application form with any of the offices of the distributors (qualified as per the following note), Registrar and Transfer Agent of the Fund and the Fund; and
- Obtain a temporary acknowledgement for submission of all the documents and completion of IPV;

Note: As per the SEBI circular MIRSD/Cir-26/2011 dated December 23, 2011, it is mandatory for SEBI registered intermediaries to carry out "In-Person Verification" ("IPV") of any investor dealing with a SEBI registered intermediary.

For investments in a mutual fund, the Asset Management Companies, Registrar and Transfer Agents of mutual funds and distributors which comply with the certification process of National Institute of Securities Market (NISM) or Association of Mutual Funds in India (AMFI) and have undergone the process of "Know Your Distributors" are authorised to carry out the IPV. Unless the IPV process is completed, the investor will not be considered as KYC

compliant under the new KYC compliance procedure and hence will not be permitted to make any investment in the Fund;

For investors proposing to invest with the Fund directly (i.e. without being routed through any distributor), IPV done by a scheduled commercial bank may also be relied upon by the Fund.

On the basis of the temporary acknowledgement or the final acknowledgement the investor would be eligible to deal with any of the SEBI registered intermediaries as mentioned in the above mentioned SEBI circulars.

- If KYC is not compliant IDCW transactions will be moved to unclaimed

- If the unitholders have not completed KYC requirements all Financial transactions (including redemptions, switches , IDCW ,systemic transactions) and non-financial requests will not be processed.

Additional KYC requirements:

- It is clarified that the additional KYC requirements shall not apply to SIP, STP and IDCW Sweep applications registered prior to January 01, 2016. The above requirements are applicable for all investors including joint holders, POA holders and guardian (in case of minor).

TRANSFER AND TRANSMISSION

The AMC may at its sole discretion list the Units under any one or more Schemes on one or more Stock Exchanges. On deciding to list, the AMC will make a suitable public announcement to that effect.

If a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death, insolvency etc., the transferee's name will be recorded by the Fund subject to production of satisfactory evidence. All such changes shall be carried out in line with the applicable laws and the decision of the AMC shall be considered final.

The following lists of documents are required to be submitted by investor for transmission under various situations. Please refer AMFI best practice guidelines circular no :- 135/BP/ 110 /2023-24 dated Jan 31, 2024

Transmission to surviving unit holders in case of death of one or more unit holders:

- Letter from surviving unit holders to the Fund / AMC requesting for transmission of units;
- Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager

- Bank Account Details of the new first unit holder as per the format as mentioned on our website - www.carnelianmf.com , along with attestation by a bank branch manager or cancelled cheque bearing the account details and account holders name;
- KYC of the surviving unit holders, if not already available.

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.

i KYC Acknowledgment OR KYC Form of the surviving unit holder(s), if not KYC compliant.
ii Transmission will be completed only once the status of the KYC is "KYC complied".

AMFI Best Practice Guidelines - Updated Guidelines on Transmission of Units - Jan. 2024 '

i Additional documentation required:

ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other OVD as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and OSV seal attested by them.

Transmission to registered nominee/s in case of death of Sole or All unit holders:

- Letter from claimant nominee/s to the Fund / AMC requesting for transmission of units;
- Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager;
- Bank Account Details of the new first unit holder as per the format as mentioned on our website www.carnelianmf.com along with attestation by a bank branch manager or cancelled cheque bearing the account details and account holders name;
- KYC of the claimant/s;

Transmission Request Form (Form T3) for Transmission of Units in favour of the Nominee(s).

- 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.

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

i If the transmission amount is up to ₹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.

ii 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. iii 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.

Transmission to claimant/s, where nominee is not registered, in case of death of Sole or All unit holders:

- Letter from claimant/s to the Fund / AMC requesting for transmission of units;
- Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager;
- Bank Account Details of the new first unit holder as per the format as mentioned on our website - www.carnelianmf.com along with attestation by a bank branch manager or cancelled cheque bearing the account details and account holders name;
- KYC of the claimant/s;
- Indemnity Bond from legal heir/s as per the format as mentioned on our website - www.carnelianmf.com ;
- Individual affidavits from legal heir/s as per the format as mentioned on our website - www.carnelianmf.com ;
- If the transmission amount is below Rupees Two Lakh: any appropriate document evidencing relationship of the claimant/s with the deceased unit holder/s;
- If the transmission amount is Rs Two Lakh or more: Any one of the documents mentioned below:
- Legal Heir Certificate or Succession Certificate or Claimant's Certificate issued by a Competent court, or Letter of Administration, in case of Intestate Succession

Transmission of Units to the claimant/s on death of the Sole unitholder or ALL unitholders, where there is NO nomination has been registered.

- 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.
- Self-attested copy of PAN card of the claimant / guardian (in case the claimant is a minor).
- 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".
- 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).
- Additional documentation required:

ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid OVD as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and OSV seal attested by them.

A. If the transmission amount is up to ₹ 5 Lakh:

a. Bank Attestation of signature of the claimant by the Bank Manager as per Annexure-I(a). In case the claimant is a minor, the signature of the guardian (as per the bank account of the minor or the joint account of the minor with the Guardian) shall be attested.

b. Any appropriate document evidencing relationship of the claimant/s with the deceased unitholder/s**.**

c. Bond of Indemnity as per Annexure-II --to be furnished by Legal Heirs for Transmission of Units without production of Legal Representation.

Provided that in case the legal heir(s)/claimant(s) is submitting the Succession Certificate or Probate of Will or Letter of Administration or appropriate Court order wherein the claimant is named as a beneficiary, an affidavit as per Annexure-III from such legal heir/claimant(s) alone would be sufficient, i.e., Bond of Indemnity is not required.

d. Individual Affidavit to be given by **each** legal heir as per Annexure-III

e. NOC from other legal heirs as per Annexure – IV, where applicable

B. If the transmission amount is more than ₹ 5 Lakhs :

a. Signature of the claimant duly 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 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 by **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 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).

Transmission in case of HUF, due to death of Karta:

HUF, being a Hindu Undivided Family, the property of the family is managed by the Karta and 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 appoint the new Karta who needs to submit following documents for transmission:

Letter requesting for change of Karta; Request Form (Form T4) for change of Karta upon demise of the registered Karta.

- Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager;
- Duly certified Bank certificate stating that the signature and details of new Karta have been appended in the bank account of the HUF as per the format as mentioned on our website - www.carnelianmf.com ;
- KYC of the new Karta and KYC of HUF, if not already available;
- Indemnity bond signed by all the surviving coparceners and new Karta as per the format as mentioned on our website - www.carnelianmf.com ;
- In case of no surviving co-parceners OR the transmission amount is Rs Two Lakh or more OR where there is an objection from any surviving members of the HUF, transmission should be effected only on the basis of any of the following mandatory documents:

- Notarized copy of Settlement Deed, or
- Notarized copy of Deed of Partition, or
- Notarized copy of Decree of the relevant competent Court

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.

Application Forms without these information and documents will be considered incomplete and are liable to be rejected without any reference to the investors. The procedure implemented by the AMC and the decisions taken by the AMC in this regard shall be deemed finalTransfer of units in SOA (non-demat) mode:

AMFI had vide its circular no. 135/BP/ 116 /2024-25 dated August 14, 2024 enabled transfer of units held in SOA mode for select scenarios under Phase I and another circular no. 135/BP/ 119 /2025-26 dated May 08, 2025 under Phase II. Under these circular, now transfer of units in SOA (non-demat) mode is enabled for the following scenarios.

This facility is available only to individual investors under the Resident/Non-Resident Individual category. Transfers are permitted under the following scenarios:

1. Minor to Major: A minor unitholder who has turned to major unit holder and can add a parent, guardian, sibling, spouse etc. as joint holder to the folio.
2. Surviving Joint Holder: Upon demise of a joint holder, a surviving unit holder can add new joint holders.
3. Nominee to Legal Heir: A nominee of a deceased unitholder can transfer units to legal heirs of the deceased unitholder, post the transmission of units in the name of the nominee.
4. Transfer to Siblings: Mutual fund units can be transferred between siblings.
5. Gifting of units: Investors can gift mutual fund units to family members i.e. Father / Mother / Son / Daughter / Spouse / Grand Daughter / Grand Son / Brother / Sister.
6. Transfer of Units to Third-Party: Mutual fund units can be transferred to any third party.
7. Addition/Deletion of unit holder: Investors can add or remove joint holders from the folio as required.

FREEZING OF FOLIO AND REMITTANCE TO AUTHORITIES:

The AMC shall have the right to freeze/lock/restrict the folio(s) of investor(s)/Unitholder(s) for further transactions or reject any applications including for subscription, redemption of units or transmission of units pursuant to receipt of instructions/ directions/orders issued by any Governmental, judicial, quasi-judicial, regulatory or other similar authority ("Authority"), including orders restricting the investor(s)/Unitholder(s) from dealing in securities or for attachment of units held by the investor(s)/Unitholder(s). Additionally, the AMC shall be entitled to freeze/lock/restrict the folio(s) of investor(s)/Unitholder(s) for further transactions or reject any applications including for subscription, redemption of units or transmission of units at its sole and absolute discretion upon the AMC becoming aware of initiation of any

investigation/action/litigation relating to the investments or transactions of the Unitholder by any Authority, upon receipt of any complaints (including fraud or forgery), or upon commencement of any disputes /litigations among unitholders/nominees/legal heir/ other claimants to the units relating to the investments or transactions of the Unitholder, including disputes/litigations where AMC or Mutual Fund or Trustee has been impleaded as a party or is a necessary party. The freeze/lock/rejection/restriction so imposed by the AMC as hereinabove mentioned may continue till receipt of a specific written instruction/direction/order from such Authority or NOC from all concerned Parties or such other documents as may be deemed necessary by the AMC authorizing the removal of such freeze/lock/rejection/restriction and/ or completion of the investigation by AMC as the case may be.

Further, on receipt of any direction or order from any Authority for remittance of any amount and/or units held in the Unitholder's folio to the Authority, the AMC shall, at its sole and absolute discretion, have the right to transfer and/or make payment, without any prior intimation to the Unitholder, of such units and/or amount (through redemption of units, either in full or partial) held in the Unitholder's folio(s) in order to comply with the said directions or orders of the Authority. Any such remittance shall constitute a good and sufficient discharge of the AMC's liability towards the Authority and Unitholder to the extent of the amount mentioned in such directions.

It is hereby clarified that the AMC / Mutual Fund /Trustee shall not be liable for any loss or damage suffered by Unitholder, either directly or indirectly, on account of such freeze/lock/rejection/restriction or remittance of investment proceeds/units held in the Unitholder's folio to the Authority as the case may be.

LISTING AND TRANSFER OF UNITS

(applicable for Close ended Schemes launched on or after December 12, 2008 except close ended Equity Linked saving scheme)

LISTING

The units of the close ended schemes shall be listed. The units are proposed to be listed on the NSE or BSE. The In – principle approval from NSE or BSE shall be taken from NSE or BSE, for listing of units of the scheme. Buying or selling of Units by investors can be made from the secondary market on the NSE or BSE. Units can be bought or sold like any other listed stock on the Exchange at market prices. The minimum number of Units that can be bought or sold on the Exchange is 1 (one) unit. Investors can purchase Units at market prices, which may be at a premium/discount to the NAV of the Scheme depending upon the demand and supply of Units at NSE or BSE. Unitholders who wish to trade in units would be required to hold units in demat mode. All investors may buy/sell Units on NSE or BSE, on all the trading days of NSE or BSE as per the settlement cycle of the Stock Exchange.

Since the close ended Schemes are proposed to be listed, for declaration of IDCW, the Scheme shall follow the requirements stipulated in the listing agreement.

Although Units of close ended schemes are proposed to be listed on NSE or BSE, there can be no assurance that an active secondary market will develop or be maintained. Trading on NSE or BSE may be halted because of market conditions or for reasons that in the view of the market authorities or SEBI, trading in the Units is not advisable.

There can be no assurance that the requirements of the market necessary to maintain the listing of the Units will continue to be met or will remain unchanged. The AMC and the Trustees will not be liable for delay in trading of Units on NSE due to the occurrence of any event beyond their control.

TRANSFER

On listing, the units of close ended scheme / plan would be transferable. Transfers should be only in favour of transferees who are eligible for holding Units under the close ended Scheme. The AMC shall not be bound to recognise any other transfer. For effecting the transfer of Units held in electronic form, the Unitholders would be required to lodge delivery instructions for transfer of Units with the DP in the requisite form as may be required from time to time and the transfer will be effected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialised mode.

In accordance with SEBI circular number CIR/IMD/DF/10/2010 dated August 18, 2010 units of all the schemes of the Carnelian Mutual Fund which are held in electronic (demat) form, will be transferable and will be subject to the transmission facility in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 2018 as may be amended from time to time. However, restrictions on transfer of ELSS Schemes during the lock-in period shall continue to be applicable as per the ELSS Guidelines.

If a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death, insolvency etc., the transferee's name will be recorded by the Fund subject to production of satisfactory evidence.

As per the AMFI Best Practices Guidelines Circular No.116 /2024-25 dated August 14, 2024 read with AMFI Best Practices Guidelines Circular No. 119/2025-26 dated May 08, 2025, on 'Standard Process for Transfer of Units held in Non-Demat (SoA) mode' ('AMFI Guidelines'), the aforesaid facility would be available to 'individual unitholders' falling under the following three categories:

(i) Surviving joint unitholder, who wants to add new joint holder(s) in the folio upon demise of one or more joint unitholder(s).
(ii) A nominee of a deceased unitholder, who wants to transfer the units to the legal heirs of the deceased unitholder, post the transmission of units in the name of the nominee.
(iii) A minor unitholder who has turned a major and has changed his/her status from minor to major, wants to add the name of the parent / guardian, sibling, spouse etc. in the folio as joint holder(s)

PLEDGE OF UNITS FOR LOANS

The Units can be pledged by the Unitholders as security for raising loans subject to the conditions of the lending institution. The Registrar will take note of such pledge (by marking a lien etc.) / charge in its records. Disbursement of such loans will be at the entire discretion of the lending institution and the 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 fund that the pledge/lien charge may be removed. As long as Units are pledged, the pledgee will have complete authority to redeem such Units. Decision of the AMC shall be final in all cases of lien marking.

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

PAYMENT OF MATURITY PROCEEDS

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

DURATION AND WINDING UP OF SCHEME

The duration of the open ended / interval schemes of the Fund would be perpetual as and when the scheme is launched, while the close ended schemes have defined durations. The AMC, the Fund and the Trustee reserve the right to make such changes/ alterations to the Scheme offered under its scheme information documents / offer documents to the extent permitted by the applicable Regulations. In case of Target Maturity Fund/close ended schemes, the Fund reserves the right to extend the Scheme / Plan(s) beyond its redemption date in accordance with 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 / Plan(s). The Fund could also give the investor the 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 Plan(s) / Scheme beyond final redemption date/s or roll over of the Plan(s) / Scheme shall be in accordance with Regulations. The Fund may also convert the Scheme after the final Redemption date into an open-end Scheme and this shall be in accordance with the Regulations.

However, in terms of the Regulations 36, -

(1) A close-ended scheme shall be wound up by redemption of the units on the expiry of duration fixed in the scheme, unless the scheme is rolled over for a further period as specified under sub-regulation (4) of regulation 30.

(2) A scheme of a mutual fund, including a close-ended scheme proposed to be wound up before the expiry of its fixed duration, shall be wound up:
(a) on the occurrence of any event which, in the opinion of the trustees, requires the scheme to be wound up;

(b) if seventy-five per cent of the unit holders of a scheme pass a resolution for its winding up; or

(c) if the Board so directs in the interest of the unitholders.

(3) Where a scheme is required to be wound up under sub-regulation (2), the trustees shall, within one day, give notice disclosing the circumstances leading to the winding up of the scheme:
(a) to the Board; and

(b) in two daily newspapers having nationwide circulation and in one vernacular newspaper circulating at the place where the mutual fund is formed.

(4) Where a scheme is required to be wound up under clause (a) of sub-regulation (2), the trustees shall obtain consent of the unit holders, by simple majority of unitholders participating in the voting on the basis of one vote per unit, and shall publish the results of such voting within forty-five calendar days from the date of publication of notice under sub-regulation (3).

(5) Where the trustees fail to obtain the consent of the unitholders under sub-regulation (4), the scheme shall be reopened for business activities with effect from the second business day following the publication of results of the voting.

Effect of winding up

On and from the date of the publication of notice under clause (b) of sub-regulation (3) of regulation 36, the trustees or the AMC, as the case may be, shall:

(a) cease to carry on any business activities in respect of the scheme being wound up;

(b) cease to create or cancel units of the scheme;

(c) cease to issue or redeem units of the scheme; and

(d) list the units of mutual fund scheme under winding up on a recognised stock exchange.

Procedure and manner of winding up of schemes

(1) Winding up of a scheme under sub-regulation (2) of regulation 36, after compliance with sub-regulation (3) of regulation 36 and sub-regulation (4) of regulation 36, shall be carried out in accordance with the following:

(a) the trustees shall call a meeting of the unitholders to seek approval with simple majority of the unitholders authorizing the trustees or any other person to take steps for winding up of the scheme under clauses (a) and (b) of sub-regulation (2) of regulation 36;

(b) the trustees or any other person shall proceed with the winding up as directed by the Board or in the manner otherwise specified by the Board for winding up of the scheme under clause (c) of sub-regulation (2) of regulation 36;

(c) the trustees or the person so authorised under clause (a) or clause (b) shall dispose of the assets of the scheme in the best interest of the unitholders;

(d) the proceeds realized from the sale of assets under clause (c), shall be:
(i) first, utilised towards discharging all liabilities that are due and payable under the scheme; and
(ii) thereafter, after making appropriate provision for expenses connected with the winding up, paid to the unitholders in proportion to their respective interest in the assets of the scheme as on the date on which the decision for winding up was taken;

Explanation: For the purpose of this clause:
i. 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
ii. investment and advisory fees and distribution commission shall not be considered as winding up costs for terminating a fund or a scheme;

(e) upon completion of the winding up, the trustee shall submit to the Board and to the unitholders a report on the winding up containing particulars such as:

(i) the circumstances leading to the winding up;
(ii) the steps taken for disposal of assets of the fund before winding up;
(iii) the expenses incurred in connection with the winding up;
(iv) the net assets available for distribution to the unit holders; and
(v) a certificate from the auditors of the fund;

(f) the provisions of these regulations in respect of disclosures of half-yearly and annual reports shall continue to be applicable until winding up is completed or the scheme ceases to exist.

(2) Upon receipt of the report referred to in clause (e) of sub-regulation (1), and upon being satisfied that all measures for winding up of the scheme have been complied with, the Board shall record and communicate to trustees that the scheme ceases to exist.

Listing of Mutual Fund Schemes which are in process of Winding-Up

Pursuant to clause 8.2 of SEBI Master Circular dated March 20, 2026, units of mutual fund schemes which are in the process of winding up in terms of Regulation 36(2) of SEBI (Mutual

Funds) Regulations, 2026, shall be listed on recognized stock exchanges. Trading on stock exchange mechanism will not be mandatory for investors, rather, if they so desire, may avail an optional channel to exit provided to them. Initially, trading in units of such a listed scheme that is under the process of winding up, shall be in dematerialised form. AMCs shall enable transfer of such units which are held in form of Statement of Account (SoA) / unit certificates. The AMC, its sponsor, employees of AMC and Trustee shall not be permitted to transact (buy or sell) in the units of such schemes that are under the process of being wound up. The compliance of the same shall be monitored both by the Board of AMC and Trustee.

Right to restrict redemption or suspend redemption in the Scheme: Pursuant to clause 5.3 of SEBI Master Circular dated March 20, 2026, the AMC/Trustee, at its sole discretion, reserves the right to impose restriction on redemption (including switches) or suspend redemption (including switches) from the Scheme in the general interest of the Unitholders of the Scheme and keeping in view the unforeseen circumstances/unusual market conditions.

Imposition of such restriction will be subject to following conditions:

a) Restriction on redemption may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:

i. Liquidity issues - when market at large becomes illiquid affecting almost all securities rather than any issuer specific security;
ii. Market failures, exchange closures;
iii. Operational issues – when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures.

b) Restriction on redemption may be imposed for a period not exceeding 10 working days in any 90 days period.

c) When restriction on redemption is so imposed, the following procedure shall be applied:

i. No redemption requests of value up to Rs. 2 lakhs shall be subject to such restriction. ii. For redemption request of value above Rs. 2 lakhs, the first Rs. 2 lakhs shall be redeemed without such restriction and the restriction shall apply for the redemption amount exceeding Rs. 2 lakhs.

Any restriction on Redemption or suspension of redemption (including switches) of the Units in the Scheme shall be made applicable only after specific approval of the Board of Directors of the AMC and the Trustee Company and thereafter, immediately informing the same to SEBI.

It is clarified that since the occurrence of the abovementioned eventualities have the ability to impact the overall market and liquidity situation, the same may result in exceptionally large number of Redemption requests being made and in such a situation the indicative

timelines mentioned by the Fund in the scheme offering documents, for processing of requests for Redemption may not be applicable.

The AMC / Trustee reserves the right to change / modify the provisions of right to restrict or suspend redemption of Units in the Scheme, subject to the applicable regulatory provisions from time to time.

Treatment of Unclaimed Income Distribution cum capital withdrawal and redemption amounts

In accordance with clause 15.5 of SEBI Master Circular dated March 20, 2026, the unclaimed Redemption amount and IDCW amount that are currently allowed to be deployed by the Mutual Fund only in call money market or money market Instruments, shall also be allowed to be invested in 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 IDCW amounts are deployed shall be only those Overnight scheme/ Liquid scheme / Money Market Mutual Fund schemes which are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix.

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

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

AMCs shall adhere to the following uniform practices regarding treatment of unclaimed redemption and IDCW amounts and any income earned thereon:

(a) AMCs shall transfer the unclaimed redemption and IDCW amounts to Unclaimed Dividend and Redemption Scheme (UDRS) after 90 calendar days and not beyond 105 calendar days from the date of issuance of the instruments.

(b) AMCs shall have separate scheme/plan for Unclaimed IDCW and Unclaimed Redemption amount, pending for less than 3 years and for more than 3 years.

(c) On completion of first 3 years' period, AMCs shall transfer such units to UDRS plan (>3 years) within 10 business days of subsequent month.

(d) The amount of income accrued on daily basis on unclaimed amounts beyond three years shall be transferred on a monthly basis (i.e. on or before 10th calendar day of subsequent month) to the investor education scheme / folio.

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.

Investors can submit a separate request for redemption. Investors' request will be treated as 'All units' only and the amount as available in all the plans shall be redeemed. No partial redemption will be allowed for investors.

Upon updation of the bank details against the investment, units available in unclaimed schemes shall be redeemed automatically.

[4]The investors can visit the website of the AMC to check the unclaimed amount in their folios.

B. 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:

Please find below the aggregate investment in the respective Scheme(s) by Board of Directors of the AMC and key personnel:

Scheme Name	**Aggregate amount invested in the Scheme as on May 31, 2026 (market value in Rs.)**		
	AMC's Board of Directors	Key personnel (excluding Fund Manager)	Fund Manager
In accordance the Master Circular, the aggregate investment in the respective schemes by the Board of Directors of the AMC and key personnel needs to be disclosed. Since			

[4]

the AMC is yet to commence operation, the below disclosure to be read as 'Not applicable'.

3. Dematerialisation and Rematerialisation procedures

If the Unit holder desires to hold the Units in a Dematerialized/ Rematerialized form at a later date, the request for conversion of units held in Account Statement (non demat) form into Demat (electronic) form or vice versa should be submitted alongwith a Demat/Remat Request Form to their Depository Participants. Dematerialization/Rematerialization of Units will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 1996 as may be amended from time. Units held in demat form will be transferable subject to the provisions laid under the respective Scheme(s)/Plan(s) and in accordance with provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as may be amended from time to time. However, the Trustee / 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 and the Regulations thereunder.

4. **Additional Mode of Payment through Applications Supported by Blocked Amount (ASBA) Facility During New Fund Offer (NFO) Of Schemes**

Investors will be provided ASBA facility for all New Fund Offer (NFO). ASBA means "Application Supported by Blocked Amount". ASBA is an application containing an authorization to block the application money in the bank account, for applying during the NFO. An ASBA investor shall submit an ASBA application physically or electronically through the internet banking facility, to a Self-Certified Syndicate Bank (SCSB) with whom, the bank account to be blocked, is maintained. Self-Certified Syndicate Bank has the same meaning as given to it in clause (zi) of sub regulation (1) of regulation 2 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009; which states – "**SCSB is a bank which is recognized as a bank capable of providing ASBA services to its customers**". Names of such banks would appear in the list available on the website of SEBI (www.sebi.gov.in).

The SCSB shall then block the application money in the bank account specified in the ASBA, on the basis of an authorisation to this effect given by the account holder in the ASBA. The application money shall remain blocked in the bank account till the allotment of the issue or till withdrawal/ rejection of the application, as the case may be. ASBA facility will be available to all the category of investors mentioned under "Who can invest" section of the respective SID. An investor, who is eligible for ASBA facility, has the option of making application through ASBA or through the existing facility of applying with cheque / demand draft as mentioned in the SID

Mutual Fund, AMC and Trustees shall not be liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this document. Further, the Mutual Fund, AMC and Trustees shall not be responsible for any acts, mistakes, errors, omissions and commissions etc. in relation to the ASBA accepted by SCSBs. On receipt of applications through SCSBs, the allotment will be carried out with the presumption that the application Amount has been blocked in the relevant ASBA Account.

Investors should note that ASBA facility shall be made available to investors only for subscribing to the units of scheme during the New Fund Offer period.

5. Portfolio Turnover Details

Portfolio turnover in the scheme will be a function of market opportunities. It is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. the AMC will endeavor to optimize portfolio turnover to optimize risk adjusted return keeping in mind the cost associated with it. Portfolio Turnover is not applicable to a Fund of Funds Scheme.

6. Non applicability of Minimum Application Amount (Lump-sum) and Minimum Redemption amount

SEBI vide Clause 7.14 of SEBI Master Circular dated March 20, 2026 has, inter alia mandated investments that upto specified limits of gross annual CTC net of income tax and any statutory contributions of the Designated Employees of the AMCs shall be invested in units of the scheme(s) of the Fund in which they have a role/oversight.

In accordance with the regulatory requirement, the minimum application amount and minimum redemption amount specified in the SID / KIM will not be applicable for investment made in scheme in compliance with the aforesaid circular(s).

7. LOAD STRUCTURE

Load is an amount which is paid by the investor to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC (www.carnelianmf.com) or may call at 02265752000 or your distributor.

All switches will be treated as redemption in the source scheme and subscription in the destination scheme, exit load as may be applicable.

In accordance with the requirements specified under Clause 11.7 of SEBI Master Circular no entry load will be charged for purchase/additional purchase/switches accepted by the Mutual Fund. Similarly, no entry load will be charged with respect to applications for registrations under the Systematic Investment Plan (SIP)/Systematic Transfer Plan (STP) accepted by the Mutual Fund.

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

Exit load (if any) charged to the unit holders by the Mutual Fund on redemption (including switch-out) of units shall be credited to the respective scheme net of Goods and Service Tax. Goods and Service Tax on exit load, if any, shall be paid out of the exit load proceeds.

No Exit load will be charged in case of switches made between different Plans and Options within the scheme.

Load on Income Distribution cum capital withdrawal re-investment units: In terms of clause 11.7. of SEBI Master Circular dated March 20, 2026, no exit load shall be charged on units or units allotted on reinvestment of Income Distribution cum capital withdrawal.

The Trustee / AMC reserves the right to introduce a Load and change the Load structure any time in future if they so deem fit on a prospective basis. The investor is requested to check the prevailing load structure of the scheme before investing.

At the time of changing the load structure, the AMC shall take the following steps:

1. An addendum will be attached to the Scheme Information Documents and Key Information Memorandum. The same may be circulated to brokers/distributors so that the same can be attached to all SIDs and abridged SID in stock.
2. Arrangement will be made to display the changes/modifications in the SID in the form of an addendum in all the official point of acceptance of transactions and distributor's/broker's office.
3. The introduction of the exit load alongwith the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such load .
4. Any other measures which the mutual funds may feel necessary.

Associate Transactions

Since this is the first scheme to be launched by Carnelian Mutual Fund, the disclosures under this section are not applicable.

5. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme 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 provisions of Regulation 36(2)(c) of 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. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one

month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25% limit. Failure on the part of the said investor to redeem his exposure over the 25% limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard. If either/both of such limit(s) is/are breached during the NFO of the Scheme, it shall be ensured that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions

E. Documents Available for Inspection

The following documents will be available for inspection at the office of Carnelian Mutual Fund at 1211/ 1212, One Lodha Place, Senapati Bapat Marg, Lower Parel (West), Mumbai-400013, Maharashtra, India 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

Investor grievances are normally received at the Corporate Office of the AMC or at the official point of acceptance of transactions or directly by the Registrar. All grievances will be forwarded to the Registrar for their necessary action. These grievances will be closely followed up with the Registrar to ensure timely redressal and prompt investor service.

The status of complaints received for past 3 years is as follows -

Period	Complaints received	Complaints redressed	Complaints pending
Not applicable as the schemes are yet to be launched.			

In order to facilitate awareness of investors about various activities which an investor deals with, the AMC has uploaded a "Investor Charter", inter-alia, detailing the services provided to investors, rights of investors, various activities of Mutual Funds with timelines, DOs and DON'Ts for Investors and Grievance Redressal Mechanism. The same has been uploaded

on the AMC website at www.carnelianmf.com. In case the investor is not satisfied with the resolution given by AMC, he can approach SEBI by registering his complaint on SCORES (SEBI Complaints Redress System) through https://scores.sebi.gov.in Investors can further seek relief through the Online Dispute Resolution Portal ("ODR Portal") which harnesses online conciliation and online arbitration for resolution of disputes. Details of the same are available on www.carnelianmf.com

G. Information pertaining to Investments by the Schemes of the Fund

1. Derivative strategies

a) Investments in Derivatives

Pursuant to para 8.5 of SEBI Master Circular, the scheme intends to use derivatives for purposes that may be permitted by SEBI (Mutual Funds) Regulations 2026, from time to time.

Derivative transactions that can be undertaken by the Scheme include a wide range of instruments, including, but not limited to
– Futures
– Options
– Swaps
– Any other instrument, as may be regulatory permitted

To the extent the Scheme invest in Equity derivatives the position taken in the portfolio would be guided by the following principles.

Position Limits
The position limits for trading in derivatives by Mutual Funds specified by clause 8.6 of Master circular read with SEBI Circular No. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/140 dated October 15, 2024 as amended from time to time are as follows:

i. Position limit for Mutual Funds in index options contracts

The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest (OI) of the market in index options, whichever is higher, per Stock Exchange.

This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. Position limit for Mutual Funds in index futures contracts

The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest (OI) of the market in index futures, whichever is higher, per Stock Exchange.

This limit would be applicable on open positions in all futures contracts on a particular underlying.

iii. Additional position limit for hedging

In addition to the position limits at point (i) and (ii) above, Mutual Funds may take exposure in equity index derivatives subject to the following limits:

- Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.

- 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 Mutual Funds for stock based derivative contracts

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts will be as follows:
The combined futures and options position limit shall be 20% of the applicable Market Wide Position Limit (MWPL).

v. Position limit for each scheme of a Mutual Fund

The scheme-wise position limit requirements shall be:
- For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of:

- 1% of the free float market capitalization (in terms of number of shares) or
- 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

- This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
- For index based contracts, Mutual Funds 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.

To the extent the Scheme shall invest in Debt derivatives the position taken in the portfolio would be guided by the following principles.

Debt Derivatives

In terms of Circular No. MFD.BC.191/07.01.279/1999-2000 and MPD.BC.187/07.01.279/1999-2000 dated November 1, 1999 and July 7, 1999 respectively issued by Reserve Bank of India permitting participation by Mutual Funds in Interest Rate Swaps and Forward Rate Agreements, the Fund will use derivative instruments for the purpose of hedging and portfolio balancing. The AMC would undertake the same for similar purposes only.

Interest Rate Swaps (IRS)

An IRS is an agreement between two parties to exchange stated interest obligations for an agreed period in respect of a notional principal amount. The most common form is a fixed to floating rate swap where one party receives a fixed (pre-determined) rate of interest while the other receives a floating (variable) rate of interest.

In terms of para 13.15 of SEBI Master Circular, Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme.

In case of participation in IRS is through over the counter transactions, the counter party has to be an entity recognized as a market maker by RBI and exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme. However, if Scheme is 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.

Forward Rate Agreement (FRA)

FRA is an agreement between two parties to pay or receive the difference between an agreed fixed rate (the FRA rate) and the interest rate (reference rate) prevailing on a stipulated future date, based on a notional principal amount for an agreed period. The only cash flow is the difference between the FRA rate and the reference rate. As is the case with IRS, the notional amounts are not exchanged in FRAs

Interest Rate Future (IRF)

Interest Rate Futures 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.

Exchange traded IRFs are standardised contracts based on a notional coupon bearing Government of India (GOI) security currently.

The AMC retains the right to enter into such derivative transactions as may be permitted by the applicable regulations from time to time.

2. INVESTMENT IN REPO IN CORPORATE DEBT SECURITIES

SEBI vide clause 13.8 of the SEBI Master Circular dated March 20, 2026, enables mutual funds to participate in repos in corporate debt securities as per the guidelines issued by RBI from time to time and subject to few conditions listed in the circular.

The circular requires the Trustees and the AMC to frame guidelines about, inter alia, the following in context of these transactions, keeping in mind the interest of investors in the scheme:

i. Category of counterparty
ii. Credit rating of counterparty
iii. Tenor of collateral
iv. Applicable haircuts

Conditions applicable (as per SEBI circular):

a) The gross exposure of any mutual fund scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the concerned scheme.
b) The cumulative gross exposure through repo transactions in corporate debt securities along with equity, debt and derivatives shall not exceed 100% of the net assets of the Scheme.
c) The Mutual Funds can participate in repos on following corporate debt securities:
i. Listed AA and above rated corporate debt securities
ii. Commercial Papers (CPs) and Certificate of Deposits (CDs) in terms of Regulation 42 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 2026, mutual funds shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.

d) Mutual funds shall ensure compliance with the Sixth Schedule of the Mutual Funds Regulations about restrictions on investments, wherever applicable, with respect to repo transactions in corporate debt securities.
e) The details of repo transactions of the scheme in corporate debt securities, including details of counterparties, amount involved and percentage of NAV shall be disclosed to investors in the half yearly portfolio statements and to SEBI in the half yearly trustee report.
f) To enable the investors in the mutual fund schemes to take an informed decision, the concerned Scheme Information Document shall disclose the following:
i. The intention to participate in repo transactions in corporate debt securities in accordance with directions issued by RBI and SEBI from time to time;
ii. The exposure limit for the scheme; and
iii. The risk factors associated with repo transactions in corporate bonds.

Guidelines to be followed by the Mutual Fund:

The following guidelines shall be followed by Carnelian Mutual Fund for participating in repo in corporate debt security:

i. Category of counterparty & Credit rating of counterparty

All the counterparties with whom Carnelian Mutual Fund currently deals in repo (SLR) shall be eligible for corporate bonds repo subject to execution of corporate bond repo agreement.

ii. Tenor of Repo

Tenor of repo shall be capped to 3 months as against maximum permissible tenor of 6 months. Any repo for a tenor beyond 3 months shall require prior approval from investment committee of the fund. There shall be no restriction / limitation on the tenor of collateral.

iii. Applicable haircut

A haircut shall be applied in line with the haircut rates specified by SEBI / RBI from time to time on the market value of the underlying security irrespective of the tenor to adjust for the illiquidity of the underlying instrument. The haircut % mentioned herein is a function of how market practice evolves with respect to corporate bond repo. A higher or more conservative limit may be applied, subject to the terms negotiated under the corporate bond repo agreement. iv. Additional internal investment limit:

Any scheme shall not lend / borrow more than 10% of its corpus in repo against corporate bonds or 5% of AUM of the Mutual fund (excluding Fund of fund) whichever is lower.

3. INVESTMENT IN OVERSEAS FINANCIAL ASSETS/FOREIGN SECURITIES:

In terms of Clause 13.11 of SEBI Master Circulars dated March 20, 2026 each mutual fund is permitted to invest up to maximum of US$ 1 billion. The overall cap for the entire mutual funds industry to invest in foreign securities is US$ 7 billion. The Scheme can invest in:

i. Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies
ii. Money market instruments rated not below investment grade
iii. Repos in the form of investment, where the counterparty is rated not below investment grade; repos should not however, involve any borrowing of funds by mutual funds
v. Government securities where the countries are rated not below investment grade
vi. Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities
vii. Short term deposits with banks overseas where the issuer is rated not below investment grade
viii. Units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or (c) unlisted overseas securities (not exceeding 10% of their net assets). At the time of making investments (both fresh and subsequent), Indian Mutual Fund schemes shall ensure that the underlying overseas MF/UTs do not have more than 25% exposure to Indian securities. If subsequently the exposure of an overseas MF/UT to Indian securities exceeds 25%, an observance period of six months is permitted during which no fresh investment is allowed; if not rebalanced within this period, Indian mutual funds must liquidate their holdings in the concerned overseas MF/UT within a further six-month liquidation period.

The overall ceiling for investment in overseas ETFs that invest in securities is US $ 1 billion subject to a maximum of US $ 300 million per mutual fund.

The restriction on the investments in mutual fund units upto 5% of net assets and prohibits charging of fees, shall not be applicable to investments in mutual funds in foreign countries made in accordance with SEBI Guidelines. However, the management fees and other expenses charged by the mutual fund in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund scheme shall not exceed the limits on expenses as prescribed under Regulation 66 & 67 of the SEBI Mutual Fund Regulations, 2026. Where the scheme is investing only a part of the net assets in the foreign mutual fund(s), the same principle shall be applicable for that part of investment.

4. INVESTMENT IN SECURITISED DEBT

a) How the risk profile of securitized debt fits into the risk appetite of the Scheme?

Objective of debt portion of the Schemes / Plans is to invest in high quality debt instruments like gilts, corporate bonds and money market instruments which would give accrual as well as capital appreciation over the period. Tenor of investments would depend on interest rate conditions and Fund Manager's view.

The Schemes / Plans may invest in securitized debt provided there are suitable opportunities available from time to time. Primarily the reasons for making such investments are:

- To increase the yield of the portfolio;
- Provide access to good quality highly rated debt;
- Diversification to multiple asset classes to spread out risk;
- Securitized debt can give access to exposures to various asset backed receivables like mortgage loans, auto loans, commercial vehicle loans etc which may not be directly available.

Hence, investing in good quality rated securitized debt would fit the risk profile of the Schemes / Plans, as it can give high yield and capital appreciation. The twin concerns for securitized debt (single loan / asset pool PTCs) would be credit and liquidity risks. For consideration of investment, the securitized debt would be of high rating (at the time of investment) and of maturity within the risk limits framed for the scheme.

b) Policy relating to originators based on nature of originator, track record, NPA's, losses in earlier securitized debt, etc

Credit quality of an originator will be evaluated on number of parameters. The focus of the analysis encompasses significant credit events in terms of default risk as well as variation in credit quality over time. The parameters evaluated would include (but not be limited to):

- Track record of historical Pass-Through Certificates issued by Originator;
- Willingness to pay, through credit enhancement facilities and ability to pay;
- Business Risk Assessment including Economic Setting as well as Industry Analysis in terms of the competitive dynamics of the market in which the company / issuer operates;
- Originator reputation and quality of management;
- Detailed Financial Analysis of the issuer and rating of issuer

c) Risk mitigation strategies for investments with each kind of originator

Apart from analysis of asset pool characteristics, an analysis on the strength of the originator would be carried out. This analysis would be in accordance with the internal credit approval process which follows a multi-pronged approach on analysis and approval of any credit. A combination of qualitative and quantitative factors would be considered for assessment, and a credit score would be arrived on the same basis. Additionally for securitized debt, factors such as size, reach, loan pool concentrations, historical collection efficiency metrics and track record would also be considered. For investment by the Scheme, internal risk limits on allowable exposure to asset backed securities would be put. Additionally, there would be exposure limits based on asset pools (such as housing, automobile, two wheelers, personal loans) which would negate concentration risk and overexposure of a particular asset class.

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

For each originator's pass-through certificates under consideration, risk measures such as asset type, pool structure, historical default rates, credit enhancements, average loan ticket size, geographical concentrations, collection efficiencies, pool seasoning and rating is considered. Analysis would focus on three areas:

i. Analysis of underlying collateral:

- Fixed / floating rate pricing, special pricing structures such as teaser rates, if any, provisos for lender to change rates;
- Geographic / demographic diversification of assets;
- Portfolio Seasoning;
- Specific Default - Recovery drivers for each asset class.

ii. Analysis of ABS structure:

- Senior / subordinate tranches structure;
- Over collateralization;
- Cash Collateral and operation of the same in terms of separate account under control of SPV trustees;
- Guarantee or Corporate Undertaking.

iii. Analysis of entities involved;

- Servicer;
- Originator;
- Guarantor.

e) Minimum retention period of the debt by originator prior to securitization

Though no minimum retention period is specified as such, pool seasoning, credit enhancements like cash collateral etc. and extant interest of the originator would be analysed so that originator bears adequate extent of pool risk and for estimating pool quality.

f) Minimum retention percentage by originator of debts to be securitized

No minimum retention percentage is specified. Retention percentages which form as support tranche held by the originator is given importance while analysing the strength of the security and securitized structure.

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

h) As and when such investments are made, mechanism would be put in place to cause review of transactions and take necessary steps to avoid conflict, or to rectify it.

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

- The AMC has a credit committee in place which assesses credits. The risk team monitors the credit exposures of approved issuers.
- The AMC / Trustee may review and modify the above provisions from time to time as deemed fit subject to regulations.

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

Securitization is the fact or process of securitizing assets i.e. the conversion of loans into securities, usually in order to sell them on to other investors. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income characteristics. The risk of investing in securitized debt is similar to investing in debt securities.

However, it differs mainly in two respects. One, the liquidity of securitized debt is less than similar debt securities. Two, for certain types of securitized debt (backed by mortgages etc.), there is an additional prepayment risk. Prepayment risk refers to the possibility that loans are repaid before they are due, which may reduce returns if the re-investment rates are lower than initially envisaged.

Because of these additional risks, securitized debt typically offers higher yields than debt securities of similar credit rating and maturity. After considering these additional risks, the investment is no different from investment in a normal debt security. Considering the investment objective of the scheme, these instruments with medium risk profile can be considered in the investment universe. Thus if the Fund Manager judges that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified in the asset allocation table.

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

Investments in securitized debt will be done based on the assessment of the originator and the securitized debt, which is carried out by the Fixed Income team based on the in-house research capabilities as well as the inputs from the independent credit rating agencies and by following AMC's internal credit process.

Specifically, in order to mitigate the risk at the issuer/originator level the Fixed Income team will consider various factors which will include -

– Track record of the originator in the specific business to which the underlying loans correspond to;
– Size and reach of the issuer/originator;
– Collection infrastructure & collection policies; – Post default recovery mechanism & infrastructure;

– Underwriting standards & policies followed by originator;
– Management information systems;

– Financials of the originators including an analysis of leverage, NPAs, earnings, etc.

– Future strategy of the company for the specific business to which the underlying loans correspond to;
– Performance track record of Originator's portfolio & securitized pools, if any;
– Utilization of credit enhancement in the prior securitized pools; – The quality of information disseminated by the issuer/ originator; and – The credit enhancement for different types of issuer/originator.

Also, assessment of business risk would be carried out which includes -
– Outlook for the economy (both domestic and global); and
– Outlook for the industry

In addition, the fund analyses the specific pool and the broad evaluation parameters are as follows:
– Average seasoning of the loans in the pool
– Average Loan to value ratio of the loans in the pool
– Average ticket size of the loans – Borrower profile (salaried / self employed, etc)
– Geographical profile of the pool
– Tenure profile of the pool
– Obligor concentration
– Credit enhancement cover available over and above the historic losses on Originator's portfolio – Expected Prepayment rate in the specific asset class experienced by the originator in the past as well as the industry – Limited Liquidity and Price Risk.

The scheme will invest in securitized debt which are rated investment grade and above by a credit rating agency recognized by SEBI. The investment team analyses the Rating Rationale in detail before investing in any PTCs, and also discusses with the concerned

rating agency on a need basis. The rating agency would normally take into consideration the following factors while rating a securitized debt:

- Credit risk at the asset/originator/portfolio/pool level

The quality of the pool is a crucial element in assessing credit risk. In the Indian context, generally, pools are 'cherry-picked' using positive selection criteria. To protect the investor from adverse selection of pool contracts, the rating agencies normally take into consideration pool characteristics such as pool seasoning (seasoning represents the number of installments paid by borrower till date: higher seasoning represents better quality), over dues at the time of selection and Loan to Value (LTV). To assess its risk profile vis-à-vis the overall portfolio, the pool is analyzed with regard to geographical location, borrower profile, LTV, and tenure.

- Counterparty risk

This includes Servicer Risk, co-mingling risk etc. The rating agencies generally mitigate such risks though the usage of stringent counterparty selection and replacement criteria to reduce the risk of failure. - Bankruptcy risk

- Of the Originator –

• Normally, specific care is taken in structuring the securitization transaction so as to minimize the risk of the sale to the trust not being construed as a 'true sale'.

It is also in the Interest of the originator to demonstrate the transaction as a true sell to get the necessary revenue recognition and tax benefits. - Of the Investors' agent

• All possible care is normally taken in structuring the transaction and drafting the underlying documents so as to provide that the assets/receivables if and when held by Investor's Agent is held as agent and in Trust for the Investors and shall not form part of the personal assets of Investor's Agent. - Legal risks

The rating agency normally conducts a detailed study of the legal documents to ensure that the investors' interest is not compromised and relevant protection and safeguards are built into the transaction.

Various market risks like interest rate risk, macro-economic risks Assessment of risks related to business for example outlook for the economy, outlook for the industry and factors specific to the issuer/originator.

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

The examples of securitized assets which may be considered for investment by the Scheme and the various risk mitigation parameters (please read in continuation with point 2 above), which will be considered include;

A) Asset backed securities issued by banks or nonbanking finance companies.

Underlying assets may include receivables from loans against cars, commercial vehicles, construction equipment or unsecured loans such as personal loans, consumer durable loans. The various factors which will be usually considered while making investments in such

type of securities include profile of the issuer, analysis of underlying loan portfolio – nature of asset class, seasoning of loans, geographical distribution of loans and coverage provided by credit-cum-liquidity enhancements.

A) Mortgage backed securities issued by banks or housing finance companies, where underlying assets are comprised of mortgages/home loan.
The various factors which will be usually considered while making investments in such type of securities include issuer profile of the issuer, quality of underlying portfolio, seasoning of loans, coverage provided by credit-cum-liquidity enhancements and prepayment risks.

B) Single loan securitization, where the underlying asset comprises of loans issued by a bank/non-banking finance company.
The factors which will be usually considered while making investments in such type of securities include assessment of credit risk associated with the underlying borrower as well as the originator. The Fixed Income team will adhere to the AMC's internal credit process and perform a detailed review of the underlying borrower prior to making investments. This analysis is no different from the analysis undertaken by Fund when it invests in Debentures or Commercial papers issued by the same borrower.

Critical Evaluation Criteria

Typically, the Fund would avoid investing in securitization transaction (without specific risk mitigation strategies / additional cash/security collaterals/ guarantees) if there are concerns on the following issues regarding the originator / underlying issuer:

1. High default track record/ frequent alteration of redemption conditions/covenants
2. High leverage ratios – both on a standalone basis as well on a consolidated level/ group level
3. Higher proportion of re-schedulement of underlying assets of the pool or loan, as the case may be
4. Higher proportion of overdue assets of the pool or the underlying loan, as the case may be
5. Poor reputation in market
6. Insufficient track record of servicing of the pool or the loan, as the case may be.

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

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

The framework which will generally be applied by the Fund Manager while evaluating the investment decision with respect to securitized debt will be as follows:

Characteristics/Type of Pool	**Mortgage Loan**	**Single Sell Down**$	**Others**$
Approximate Average Maturity (in Months)	Up to 10 years	Case by case basis	As and when new asset classes of securitized debt are introduced, the investments in such instruments will be evaluated on a case by case basis
Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)	In excess of 3%	Case by case basis	
Average Loan to Value Ratio	95% or lower	Case by case basis	
Average seasoning of the Pool	Minimum 2 months	Case by case basis	
Maximum single exposure range *	< 5%	Not applicable	
Average single exposure applicable range % *	< 5%	Not applicable	

* denotes % of a single ticket/loan size to the overall assets in the securitized pool.

$ Broad evaluation criteria as per point 3 above

Notes:

1. Retail pools are the loan pools relating to Car, 2 wheeler, micro finance and personal loans, wherein the average loan size is relatively small and spread over large number of borrowers.
2. is relatively small and spread over large number of borrowers.
3. The information illustrated in the table above is based on current scenario relating to securitized debt market and is subject to change depending upon the change in the related factors. In addition to the framework stated in the table above, in order to mitigate the risks associated with the underlying assets where the diversification is less, at the time of investment the Fixed Income team could consider various factors including but not limited to -

– Size of the loan - the size of each loan is generally analyzed on a sample basis and an analysis of the static pool of the originator is undertaken to ensure that the same matches with the static pool characteristics. It also indicates whether there is high reliance on very small ticket size borrower which could result in delayed and expensive recoveries.

– Average original maturity of the pool of underlying assets

– The analysis of average maturity of the pool is undertaken to evaluate whether the tenor of the loans are generally in line with the average loans in the respective industry and repayment capacity of the borrower.

– Loan to value ratio, average seasoning of the pool of underlying assets - these parameters would be evaluated based on the asset class as mentioned in the table above.

– Default rate distribution - the Fixed Income team generally ensures that all the contracts in the pool are current to ensure zero default rate distribution.

– Geographical distribution - the analysis of geographical distribution of the pool is undertaken to ensure prevention of concentration risk.

– Credit enhancement facility - credit enhancement facilities in the form of cash collateral, such as fixed deposits, bank guarantee etc could be obtained as a risk mitigation measure.

– Liquidity facility - these parameters will be evaluated based on the asset class as mentioned in the table above.

– Structure of the pool of underlying assets – The structure of the pool of underlying assets would be either single asset class or combination of various asset classes as mentioned in the table above. We could add new asset class depending upon the securitization structure and changes in market acceptability of asset classes.

5. Minimum retention period of the debt by originator prior to securitization
The minimum retention period of the debt by the originator prior to securitization and the minimum retention percentage by originator of debts will be as per the guidelines/regulations issued by the RBI/other regulatory agencies from time to time.

Also, please refer the table in point 4. The Fund will adopt that policy, whichever is stricter.

6. Minimum retention percentage by originator of debts to be securitized Same as point 5 above.

7. The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund
An investment by the scheme in any security is done after detailed analysis by the Fixed Income team and in accordance with the investment objectives and the asset allocation pattern of a scheme. All investments are made on an arms-length basis without consideration of any investments (existing/potential) in the schemes made by any party related/involved in the transaction. The robust credit process ensures that there is no conflict of interests when a scheme invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme.

8. The resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt
The resources for and mechanisms of individual risk assessment with the AMC for monitoring investment in securitized debt are as follows:

– Fixed Income Team – Currently, the AMC has a team, who is responsible for credit research and monitoring and fund management, for all exposures including securitized debt.

– Ratings are monitored for any movement – Based on the cash flow report and Fixed Income Team's view, periodic review of utilization of credit enhancement shall be conducted and ratings shall be monitored accordingly. – For legal and technical assistance with regard to the documentation of securitized debt instruments, the team can make use

of resources within the internal legal team and if required take help of our external legal counsel as well.

5. INVESTMENT BY THE AMC IN THE SCHEME

The AMC shall invest in the scheme based on the risk associated with the scheme as specified in Clause 7.13 of SEBI Master Circular dated March 20, 2026 read with AMFI Best Practice Guidelines Circular 135/BP/100/2022-23 dated April 26, 2022 and any other circulars issued there under, from time to time.

In addition to investments as mandated above, the AMC may invest in the Scheme subject to the SEBI (MF) Regulations. Under the Regulations, the AMC is not permitted to charge any investment management and advisory services fee on its own investment in the Scheme.

Pursuant to regulation 40 of SEBI (Mutual Funds) Regulations, 2026 and para 18.2 of SEBI Master circular dated March 20, 2026 on Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund, the AMC shall make a one-time contribution equivalent to 2 bps of the AUM of the specified debt oriented schemes in the units of the Corporate Debt Market Development Fund ('CDMDF') within 10 working days of request from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF.

In case of delay in contribution by the Scheme and AMC, the AMC shall be liable to pay interest at fifteen percent (15%) per annum for the period of delay

6. Swing Pricing framework:

Swing Pricing framework - Applicable to open-ended debt mutual fund schemes except Overnight Fund, Gilt Fund and 10 year Constant Maturity Gilt Fund

Pursuant to Clause 5.8 of SEBI Master Circular dated March 20, 2026 swing pricing framework has been introduced for open-ended debt mutual fund schemes except overnight funds, Gilt funds and 10-year constant maturity gilt fund. SEBI has prescribed swing pricing for scenarios related to net outflows from the schemes.

Swing Pricing: Swing pricing refers to a process of adjusting a scheme's Net Asset Value (NAV) to effectively pass on transaction costs stemming from significant net capital activity (i.e., flows into or out of the fund) to the investors associated with that activity. Swing pricing is aimed at reducing the impact of large redemptions, on existing investors by reducing dilution of the value of units of a Mutual Fund scheme.

IX. Swing Pricing for Normal Times

Applicability

The AMC may implement swing pricing framework for normal times, only if it desires so, provided the scheme-related documents enable the implementation of swing pricing framework.

Threshold for Triggering Swing Pricing

AMFI has prescribed broad parameters for determination of thresholds for triggering swing pricing which shall be followed by the AMC.

Following are base-case parameters laid out by AMFI and all AMCs shall use these parameters as the trigger (floor) for activating swing pricing during normal times:

a. 10% net flow from any debt scheme other than Liquid scheme (excluding Gilt, Gilt with 10-year maturity, overnight funds).
b. 15% net flow for Liquid scheme.

The thresholds have been kept reasonable to ensure that normal redemption flows should not be penalized with swing pricing.

Further, the floors are not very high to ensure that swing pricing would typically get triggered before the Liquidity Risk Management (LRM) allocations are exhausted. Secondly, a moderate floor will also allow individual AMCs to take care of the relative liquidity on the asset side for different types of schemes. These are floor triggers and the AMC may set these limits higher, depending on the dynamics of their schemes both on the liability side and on the asset side.

Indicative Range of Swing Threshold

The indicative range of the amount of swing factor based on the PRC matrix is as follows:

Table 1			
Minimum swing factor for open-ended debt schemes			
Max Credit Risk of Scheme →	**Class A (CRV** >=12)**	**Class B (CRV >=10)**	**Class C (CRV <10)**
Max Interest Rate Risk of the Scheme ↓			
Class I: (MD<= 1 year)	0.00%	0.05%	0.20%
ClassII: (MD<= 3 year)	0.05%	0.10%	0.40%
Class: Any Macaulay duration	0.10%	0.20%	0.60%
CRV**: Credit Risk Value			

These are floor swing amounts and the AMCs may set these limits higher, depending on the dynamics of their schemes both on the liability side and on the asset side.

The AMC shall ensure that adequate disclosures are made in its scheme-related documents.

Additionally, in terms of paragraph 5.8.2 of the SEBI Master Circular dated March 20, 2026 for mutual funds, the AMC may be allowed to have other parameters, if it desires so, considering the nature and characteristics of the mutual fund scheme.

X. Swing Pricing for Market Dislocation Period: Market dislocation would be declared and notified by SEBI. Swing pricing will be applicable for a specified period as notified by SEBI.

- **Applicability of Swing Pricing Framework:** Subsequent to the announcement of market dislocation by SEBI, the swing pricing framework shall be mandated only for open-ended debt schemes (excluding overnight funds, Gilt funds and Gilt with 10-year maturity funds), which:

a. have high or very high risk on the risk-o-meter in terms of Clause 6.16 of SEBI Master Circular (as of the most recent period at the time of declaration of market dislocation); and

b. classify themselves in the cells A-III, B-II, B-III, C-I, C-II and C-III of Potential Risk Class (PRC) Matrix in terms of Clause 6.18 of SEBI Master Circular dated March 20, 2026.

- **Swing Factor:** SEBI shall determine "market dislocation" either based on AMFI's recommendation or suo moto. Once market dislocation is declared, SEBI shall notify that swing pricing will be applicable for a specified period.

- **Indicative Range of Swing Threshold**

A minimum swing factor as specified shall be made applicable to the eligible schemes and the NAV of eligible schemes will be adjusted downwards for both the incoming and outgoing investors.

Table			
Minimum swing factor for open ended debt schemes*			
Max Credit Risk of scheme→ Max Interest Rate Risk of the scheme ↓	**Class A (CRV** >=12)**	**Class B (CRV >=10)**	**Class C (CRV <10)**
Class I: (MD<=1 year)	Optional	Optional	1.5%
Class II: (MD<=3 years)	Optional	1.25 %	1.75%
Class III: Any Macaulay duration	1%	1.5%	2%
*Scheme can levy higher swing factor, based on pre-defined parameters, redemption pressure and current portfolio of the scheme subject to a cap on swing factor to be decided by AMC. **CRV: Credit Risk Value			

Other aspects pertaining to swing pricing (during normal time or market dislocation, as the case may be):

1. **Applicability of Swing Pricing to Investors:** When swing pricing mechanism is triggered and swing factor is made applicable, 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 lakhs for each mutual fund scheme.
2. **Computation of NAV for purpose of scheme performance:** The scheme performance shall be computed based on unswung NAV.
3. **Disclosures pertaining to NAV adjusted for swing factor:** Disclosures pertaining to NAV adjusted for swing factor along with the performance impact (in the format as prescribed by SEBI) shall be made in the SIDs of respective schemes and in scheme wise Annual Reports and Abridged summary and the same shall be disclosed on the website prominently only if swing pricing framework has been made applicable for the said mutual fund scheme.

XI. Swing Pricing in case of 'Re-opening of the scheme after announcement of winding up for all open-ended debt Schemes of Carnelian Mutual Fund except Overnight Fund, Gilt Fund and 10 year Constant Maturity Gilt:

There may be instances where the AMC, after making an announcement to wind up a scheme, decides to rollback the decision to wind up the scheme. Such situations may trigger large scale redemptions.

Thus, in such circumstances, as required by and in terms of AMFI Best Practice Guideline No. 135/ BP/96-B/ 2024-25 dated November 04, 2024 ("AMFI Best Practice Circular") as amended from time to time, the AMC shall mandatorily invoke swing pricing upon reopening any of the schemes for subscriptions and redemptions, post seeking required approval of the Board of AMC and Trustee for approval.

1. The swing period should be higher of swing period suggested by the Board of AMC or a minimum period of 7 working days (as per AMFI Best Practice Circular), upon reopening a scheme for subscriptions and redemptions.

2. The minimum swing factor applied would be higher of the swing factor suggested by the Board of AMC or as per Swing factor during Normal Times suggested in the AMFI Best Practice Circular as shown below:

Table 1			
Minimum swing factor for open-ended debt schemes			
Max Credit Risk of Scheme →	**Class A (CRV** >=12)**	**Class B (CRV >=10)**	**Class C (CRV <10)**
Max Interest Rate Risk of the Scheme ↓			
Class I: (MD<= 1 year)	A-I : 0.00%	B-I : 0.05%	C-I : 0.20%
ClassII: (MD<= 3 year)	A-II : 0.05%	B-II : 0.10%	C-II : 0.40%
Class: Any Macaulay duration	A-III : 0.10%	B-III : 0.20%	C-III : 0.60%
CRV**: Credit Risk Value			

Note: The above are floor swing amounts and the Board of AMC may set higher limits, depending on the dynamics of the concerned schemes both on liability side and on asset side.

Disclosure requirements: Disclosures pertaining to NAV adjusted for swing factor along with the performance impact shall be made by the AMC in the manner prescribed by SEBI vide circular dated September 29, 2021, in case swing pricing framework has been made applicable for any scheme.

The Swing Pricing Framework is subject to the operational guidelines issued by SEBI/AMFI from time to time.

XII. Illustration explaining the effect of swing price on NAV for incoming and outgoing investors

- Assumptions:
  - Applicable mandatory swing pricing factor: 1% (i.e. scheme classified under cell A-III of the PRC matrix)
  - Normal NAV of the scheme is: Rs. 100/- per unit
  - No exit load applicable to the scheme

- Computation of Swing NAV:
  - For redemption transactions: 100 – (100*1%) = Rs. 99/- per unit For purchase transactions: 100 + (100*1%) = Rs. 101/- per unit

- Impact of swing pricing on redemption transactions (outgoing investors):

No. of units Redeemed*	Without Swing Pricing		With Swing Pricing		Impact (Rs.)*
	Applicable NAV (Rs. per unit)	Redemption Value (Rs.)	Applicable NAV (Rs. per unit)	Value (Rs.)	
2001	100.00	2,00,100	99.00	1,98,099	-2001
2000	100.00	2,00,000	NA*	NA*	Nil*

*Redemption upto Rs. 2 lac (at PAN level) shall be exempted from swing pricing factor and such redemptions shall be processed at normal NAV only. Redemption in excess of Rs. 2.00 lac shall get the lesser value on account of swing factor.

- Impact of swing pricing on purchase transactions (incoming investors) ^:

Subscription Amount (Rs.)	Without Swing Pricing		With Swing Pricing		Impact (Units)*
	Applicable NAV (Rs. per unit)	No. of units to be allotted	Applicable NAV (Rs. per unit)	No. of units to be allotted	
100,000	100.00	1000	101.00	990.10	-9.90
500,000	100.00	5000	101.00	4950.50	-49.50

^in case of purchase transactions, swung NAV will be applicable to all incoming investors irrespective of their investment value.

*Investors purchasing the units of the scheme during swing pricing period shall get lesser units as compared to the units without swing pricing factor.

7. Provisions on creation of Segregated portfolio/Side pocketing

CREATION OF SEGREGATION OF PORTFOLIOS

Pursuant to provisions of SEBI Circulars no. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018 and SEBI/HO/IMD/DF2/CIR/P/2019/127 dated November 07, 2019, the Trustees of Carnelian Mutual Fund have approved creation of segregated portfolio of debt and money market instruments in case of a credit event in all the debt oriented schemes of Carnelian Mutual Fund (the Scheme).

The AMC may create segregated portfolio of debt and money market instruments in a mutual fund scheme in case of a credit event and to deal with liquidity risk.

In this regard, the term 'segregated portfolio' shall mean a portfolio comprising of debt or money market instrument affected by a credit event that has been segregated in a mutual fund scheme and the term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio. The term 'portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

A segregated portfolio may be created in a mutual fund scheme in case of a credit event at issuer level as under

a. Downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:
   i. Downgrade of a debt or money market instrument to 'below investment grade', or
   ii. Subsequent downgrades of the said instruments from 'below investment grade', or
   iii. Similar such downgrades of a loan rating;
b. Any other scenario as permitted by SEBI from time to time

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 ISIN level.

Further, segregated portfolio of unrated debt or money market instruments may also be created in case of actual default of either the interest or principal amount.

Process for creation of segregated portfolio

1. The AMC shall decide on creation of segregated portfolio on the day of credit event / default, as applicable, as per the process laid down below:
a. The AMC shall seek approval of Trustees, prior to creation of the segregated portfolio.
b. The AMC shall immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. It shall also be disclosed that the segregation shall be subject to trustee approval. Additionally, the said press release shall be prominently disclosed on the website of the AMC.
c. The AMC shall ensure that till the time the Trustee approval is received, the subscription and redemption in the scheme shall be suspended for processing with respect to creation of units and payment on redemptions.

2. Upon receipt of approval from Trustees:

a. The segregated portfolio shall be effective from the day of credit event / default.

b. 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.

c. An e-mail or SMS shall be sent to all unit holders of the concerned scheme.

d. The NAV of both segregated and main portfolio shall be disclosed from the day of the credit event / default.

e. All existing investors in the scheme as on the day of the credit event / default shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.

f. 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.

3. If the trustees do not approve the proposal to segregate portfolio, the AMC shall issue a press release immediately informing investors of the same.

4. Notwithstanding the decision to segregate the debt and money market instrument, the valuation shall take into account the credit event / default 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.

5. All subscription and redemption requests for which NAV of the day of credit event / default or subsequent day is applicable will be processed as per the existing circular on applicability of NAV as under:

a. Upon trustees' approval to create a segregated portfolio –

i. 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.

ii. 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 portfolio.

6. In order to enable the existing as well as the prospective investors to take informed decision, the following shall be adhered to:

a. A statement of holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event / default shall be communicated to the investors within 5 working days of creation of the segregated portfolio.

b. Adequate disclosure of the segregated portfolio shall appear in all scheme related documents, in monthly and half-yearly portfolio disclosures and in the annual report of the mutual fund and the scheme.

c. The Net Asset Value (NAV) of the segregated portfolio shall be declared on daily basis.

d. The information regarding number of segregated portfolios created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC and AMFI websites, etc.

e. The scheme performance required to be disclosed at various places shall include the impact of creation of segregated portfolio. The scheme performance should clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event / default and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.

f. The disclosures at paragraph (d) and (e) above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/ written-off.

g. The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

7. In order to ensure timely recovery of investments of the segregated portfolio, the Trustees to the fund would continuously monitor the progress and take suitable action as may be required.

8. TER for the Segregated Portfolio:

a. AMC shall not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a prorata basis only upon recovery of the investments in segregated portfolio.

b. The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence.

c. The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.

d. The costs related to segregated portfolio shall in no case be charged to the main portfolio.

Investors may also note that the process followed by the AMC/Trustees regarding creation of segregated portfolios shall be in accordance with the provisions laid down by SEBI in this regard, from time to time.

Risks associated with segregated portfolio:

Liquidity risk - Segregated Portfolio is created to separate debt and money market instruments affected by a Credit Event from the Main Portfolio of the Scheme. This may reduce the liquidity of the security issued by the said issuer, as demand for this security may reduce. As per SEBI norms, the scheme will be closed for redemption and subscriptions until the segregated portfolio is created, running the risk of investors being unable to redeem their investments. Further, it may be noted that, the proposed segregated portfolio

is required to be formed within one day from the occurrence of the credit event. Investors may note that no redemption and subscription shall be allowed in the segregated portfolio. The units of segregated portfolio will be listed on a recognized stock exchange within 10 working days of creation of segregated portfolio. The Fund is not assuring any liquidity of such units on the stock exchange. Further, trading price of units on the stock exchange may be significantly lower than the prevailing NAV. Investors can continue to transact (subscribe/redeem) from the Main Portfolio. There is no assurance that an active secondary market will develop for units of segregated portfolio listed on the stock exchange. This could limit the ability of the investors to resell them.

Credit risk - While the AMC will put in sincere efforts to recover the securities in the Segregated Portfolio and distribute the same to unit holders, it is likely that such securities may not realise any value leading to losses to investors.

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

Monitoring by Trustees:

In order to ensure timely recovery of investments of the segregated portfolio, trustees will ensure that:

a. The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
b. Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.
c. An action taken report on the efforts made by the AMC to recover the investments of the segregated portfolio shall be placed in every trustee meeting till the investments are fully recovered / written-off.
d. The trustees shall monitor the compliance of guidelines prescribed by SEBI in this regard and disclose in the half-yearly trustee reports filed with SEBI, the compliance in respect to every segregated portfolio created.

In order to avoid misuse of the segregated portfolio facility, the Trustees have ensured that the AMC has a mechanism in place to negatively impact the performance incentives of the Fund Manager, Chief Investment Officer (CIO), etc involved in 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.

Numerical Illustration explaining how segregated portfolios will work:

A. **Before Segregation:**

Debt Portfolio					
Number of investors in the Scheme: 2	**Units**	**Amount (Unit*NAV)**		**Portfolio**	**Value**
Investor A	30,000	3,75,000		Debt A	5,00,000
Investor B	50,000	6,25,000		Debt B	3,00,000
				Debt C	2,00,000
	80,000	**10,00,000**			**10,00,000**
NAV (Full Portfolio): 1000000/80000 **= Rs. 12.5 /-**					

B. **'Debt B' instrument is downgraded. Value of the security falls from 3,00,000 to 2,80,000 and portfolio is segregated**

Main Portfolio					
Investors	**Units**	**Amount (Unit*NAV)**		**Portfolio**	**Value**
Investor A	30,000	2,62,500		Debt A	5,00,000
Investor B	50,000	4,37,500		Debt C	2,00,000
	80,000	**7,00,000**			**7,00,000**
NAV (Main Portfolio): 70000/80000 **=Rs. 8.75 /-**					

Segregated Portfolio					
Investors	**Units**	**Amount (Unit*NAV)**		**Portfolio**	**Value**
Investor A	30,000	1,05,000		Debt B	2,80,000
Investor B	50,000	1,75,000			
	80,000	**2,80,000**			**2,80,000**
NAV (Segregated Portfolio): 280000/80000 **=Rs. 3.5**					

Holdings				
Investors	**Portfolio**	**Units**	**Amount**	**Total Amount**
Investor A	Main	30,000	2,62,500	**3,67,500**
	Segregated	30,000	1,05,000	
Investor B	Main	50,000	4,37,500	**6,12,500**
	Segregated	50,000	1,75,000	

Notes:

- Investors who invest / subscribe to the units of the Scheme post creation of segregated portfolio shall be allotted units in the Main portfolio only.
- Investors redeeming their units post creation of segregated portfolio will get redemption proceeds based on NAV of main portfolio and will continue to hold units in Segregated Portfolio
- No redemption and / or subscription shall be allowed in the segregated portfolio
- Units of segregated portfolio shall be listed on a recognized stock exchange.

8. Procedure & Recording of Investment Decisions and Risk Control

The AMC will diligently carry out all investment decisions for the schemes in strict adherence to the SEBI (Mutual Funds) Regulations, 2026, the specified investment objectives outlined in the Scheme Information Document (SID), and the Investment Policy of the AMC. All investment decisions taken by the AMC in relation to the Scheme shall be recorded.

The Investment Management Committee (IMC) oversees the Investment function, will be responsible for laying down the broad Investment Policy and the Specific scheme mandates, in addition to monitoring scheme performance and reviewing portfolio strategy. The risk control parameters would be laid down for each scheme based on the objectives of the scheme and prudent fund management practices will ensure that investor monies are invested in the appropriate risk/reward environment. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that the diversification would help achieve the desired level of consistency in returns. The AMC may also implement certain internal control procedures / risk & exposure limits etc., which may be varied from time to time.

The AMC would ensure that investments are made in accordance with the regulatory / internal guidelines, if any. Internal guidelines may be set by the AMC from time to time and reviewed in line with the market dynamics. Any modification to the Investment Policy is made by the IMC and will be approved by the Board of AMC and Trustee. The performance of the fund will be monitored against its peer group in the industry and presented and reviewed at every Board meeting of AMC and Trustee. The Scheme's performance may not be strictly comparable with the performance of its benchmark due to the inherent differences in the construction of the portfolios. The Boards will approve the benchmark from time to time and make suitable changes in the benchmark, whenever it deems necessary.

The designated Fund manager of the scheme will be responsible for taking the day-to-day investment decisions and will inter-alia be responsible for asset allocation, security selection and timing of investment decisions.

In case of investments in debt instruments, the AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, the investment team of the AMC will carry out requisite credit evaluation of the securities. Rated

Debt instruments in which the Scheme invests will be of investment grade as rated by a credit rating agency. The AMC will be guided by the ratings of Rating Agencies such as CRISIL, CARE, ICRA and Fitch or any other rating agencies that may be registered with SEBI from time to time. In case a debt instrument is not rated, prior approval of the Board of Directors of Trustee and the AMC will be obtained for such an investment.

The AMC may approach rating agencies such as CRISIL, ICRA, etc for ratings of the scheme. The Scheme may use various derivatives and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unit holders' interests.

The Scheme may invest in other Schemes managed by the AMC or in the Schemes of any other Mutual Funds, provided it is in conformity to the investment objectives of the Scheme 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 of Carnelian Mutual Fund or in the Schemes under the management of other asset management companies shall not exceed 5% of the net asset value of the Carnelian Mutual Fund. For the present, the Scheme does not intend to enter into underwriting obligations.

9. Underwriting

Subject to the Regulations, the Scheme may only enter into underwriting agreements after the Fund obtains a certificate of registration in terms of the Securities and Exchange Board of India (Underwriters) Rules and Securities and Exchange Board of India (Underwriters) Regulations, 1993, authorizing it to carry on activities as underwriters. The capital adequacy norms for the purpose of underwriting shall be the net assets of the Scheme and the underwriting obligation of the Scheme shall not at any time exceed the net asset value of the Scheme.

10. 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 shall report to the Trustee 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 Trustee 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 Trustee 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.

11. 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 in terms of SEBI circular dated July 10, 2026, w.e.f. September 1, 2026:

- all unitholder pay-outs such as redemptions, IDCW pay-outs, interest etc.
- pay-in with respect to investments made by the scheme.
- MTM obligations and foreign exchange settlements.
- Repayment of existing borrowings.

The quantum of intraday borrowings shall be limited to:

- Guaranteed receivables such as inflows from RBI, Clearing Corporations, subscription inflows received in scheme bank accounts etc.
- Non-guaranteed receivables sighted during the day such as inflows from maturity proceeds and/or secondary market settlement from NCDs, CP, CDs, OTC Swaps, etc. and to be received by the scheme by end of the day.
- Intraday borrowing in addition to the above, may be availed by the AMC solely for the purpose of meeting redemption and other pay-out to the unitholders as specified under Regulation 42(1) of the SEBI Regulations.

The AMCs shall be responsible for ensuring that intraday borrowings are repaid by end of the day and any intraday borrowings converted to overnight borrowings are within regulatory limits and for the purposes allowed in Regulation 42(1) of SEBI (Mutual Funds)

Regulations, 2026. The Board of the AMC and Trustee shall approve the policy for use of intraday borrowing facility. The policy shall be made available on the website of AMC.

The AMC shall ensure compliance of clause 6 and 7 of the Fourth Schedule of the Regulations and para 17.7 of the Master Circular. Further, in line with para 11.10 of the Master Circular, 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 as mentioned above, shall also be borne by the AMC.

H. Transaction Charges and Stamp Duty

Transaction Charges-

The provision related to Transaction charges have been deleted pursuant to SEBI Circular No. SEBI/HO/IMD/PoD1/CIR/P/2025/115 dated August 08, 2025.

Stamp Duty-

A stamp duty @0.005% of the transaction value would be levied on applicable mutual fund transactions, with effect from July 01, 2020. Pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including dividend reinvestment) to the unitholders would be reduced to that extent.

Stamp duty shall also be applicable on the transfer of mutual fund units, including but not limited to transfers between demat accounts, off-market transfers, and other similar transactions. The applicable rate for such transfers is 0.015%, which shall be levied and collected by the respective Depositories in accordance with the Indian Stamp Act and applicable rules. The rate and levy of stamp duty may vary as amended from time to time. The stamp duty shall be deducted from the net investment amount, i.e., the gross investment amount less any other applicable deductions. Units will be created only for the balance amount, i.e., the net investment amount as reduced by the stamp duty.

X.DISCLOSURES AND REPORTS BY THE FUND

1. Account Statement/Consolidated Account Statement (CAS)

a) For Unitholders who have registered their PAN / PEKRN with the Mutual Fund:

Investors who hold demat account and have registered their PAN with the mutual fund:

For transactions in the schemes of Carnelian Mutual Fund, a Consolidated Account Statement, based on PAN of the holders, shall be sent by Depositories to investors holding

demat account, for each calendar month on or before fifteenth day of the succeeding month to the investors in whose folios transactions have taken place during that month.

Due to this regulatory change, AMC has now ceased sending account statement (physical / e-mail) to the investors after every financial transaction including systematic transactions.

The CAS shall be generated on a monthly basis. AMCs/ RTAs shall share the requisite information with the Depositories on monthly basis to enable generation of CAS. Consolidation of account statement shall be done on the basis of PAN. In case of multiple holding, it shall be the PAN of the first holder and pattern of holding. Based on the PANs provided by the AMCs/MF-RTAs, the Depositories shall match their PAN database to determine the common PANs and allocate the PANs among themselves for the purpose of sending CAS. For PANs which are common between depositories and AMCs, the Depositories shall send the CAS.

With effect from May 14, 2025, the CAS shall be generated on a monthly basis. AMCs/ RTAs shall provide the data with respect to the common PANs to the depositories within five (5) days from the month end. The depositories shall then consolidate and dispatch the CAS to investors that have opted for delivery via electronic mode, within twelve (12) days from the month end and to investors that have opted for delivery via physical mode, within fifteen (15) days from the month end.

In case investors have multiple accounts across the two depositories, the depository having the demat account which has been opened earlier shall be the default depository which will consolidate details across depositories and MF investments and dispatch the CAS to the investor. However, option shall be given to the demat account holder by the default depository to choose the depository through which the investor wishes to receive the CAS.

With effect from May 14, 2025, if there is any transaction in any of the demat accounts of the investor or in any of his mutual fund folios, then CAS shall be sent to that investor through email on monthly basis. In case there is no transaction in any of the mutual fund and demat accounts then CAS with holding details shall be sent to the investors by email on half yearly basis. In respect of half-yearly CAS, the AMCs/MF-RTAs shall provide the data with respect to the common PANs to the depositories on or before eighth(8th) day of April and October every year. The depositories shall then consolidate and dispatch the CAS to investors that have opted for delivery via electronic mode, on or before the eighteenth (18th) day of April and October and to investors that have opted for delivery via physical mode, on or before the twenty-first (21st) day of April and October. However, where an investor does not wish to receive CAS through email, option shall be given to the investor to receive the CAS in physical form at the address registered with the Depositories and the AMCs/RTAs.

In case of demat accounts with nil balance and no transactions in securities and in mutual fund folios, the depository shall send the account statement to the investor as specified under the regulations applicable to the depositories.

Consolidated account statement sent by Depositories is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, Payout of Income Distribution cum capital withdrawal option , Reinvestment of Income Distribution cum capital withdrawal option, systematic investment plan, systematic withdrawal plan, systematic transfer plan, bonus etc and transaction in dematerialised securities across demat accounts of the investors and holding at the end of the month. The CAS shall also provide the purchase value / cost of investment in each scheme.

Further, a consolidated account statement shall be sent by Depositories every half yearly (September/March), on or before twenty first day of succeeding month, providing the following information:

- holding at the end of the six month
- The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor's investments in each MF 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 Service Tax/Goods and Service Tax (wherever applicable, as per existing rates), operating expenses, etc.
- The scheme's average 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 (regular or direct or both) where the concerned investor has actually invested in.

Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.

Investors whose folio(s)/demat account(s) are not updated with PAN shall not receive CAS. Investors are therefore requested to ensure that their folio(s)/demat account(s) are updated with PAN.

For Unit Holders who have provided an e-mail address to the Mutual Fund or in KYC records, the CAS will be sent by e-mail. However, where an investor does not wish to receive CAS through email, option shall be given to the investor to receive the CAS in physical form at the address registered in the Depository system.

Investors who do not wish to receive CAS sent by depositories have an option to indicate their negative consent. Such investors may contact the depositories to opt out.

Other investors:

The Consolidated Account Statement (CAS) for each calendar month shall be issued on or before fifteenth day of succeeding month to the investors who have provided valid Permanent Account Number (PAN) / PAN Exempt KYC Registration Number (PEKRN).

Due to this regulatory change, AMC has now ceased sending physical account statement to the investors after every financial transaction including systematic transactions.

The CAS shall be generated on a monthly basis. The Consolidated Account Statement issued is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, Payout of Income Distribution cum capital withdrawal option, Reinvestment of Income Distribution cum capital withdrawal option, systematic investment plan, systematic withdrawal plan, systematic transfer plan, bonus etc. (including transaction charges paid to the distributor) and holding at the end of the month. The CAS shall also provide the purchase value / cost of investment in each scheme.

Further, a consolidated account statement shall be issued every half yearly (September/March), on or before twenty first day of succeeding month, providing the following information:

- holding at the end of the six month
- The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor's investments in each MF 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 Service Tax/Goods and Service Tax (wherever applicable, as per existing rates), operating expenses, etc.
- The scheme's average 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 (regular or direct or both) where the concerned investor has actually invested in.

Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.

The CAS will be sent via email (instead of physical statement) 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) For all Unitholders

In case of a specific request received from the unit holder, the AMC shall provide the account statement to the investor within 5 business days from the receipt of such request.

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.carnelianmf.comand AMFI website 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.carnelianmf.com] and on the AMFI website. The unaudited financial results would also be displayed on the AMC website [●www.carnelianmf.com] and AMFI website - 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.

3) Risk-o-meter

In accordance with Clause 6.17 of SEBI Master Circular dated March 20, 2026, Mutual Fund shall disclose, to the investors in which the unit holders are invested:

(a) risk-o-meter of the scheme and benchmark while disclosing the performance of scheme vis-à-vis benchmark and

(b) details of the scheme portfolio including the scheme risk-o-meter, name of benchmark and risk-o-meter of benchmark while communicating the fortnightly, monthly and half-yearly statement of scheme portfolio via email.

Further, pursuant to clause 6.17.1.i. of SEBI Master Circular, any change in risk-o-meter shall be communicated by way of Notice cum Addendum and by way of an e-mail or SMS to unitholders of that particular scheme.

Risk-o-meter shall be evaluated on a monthly basis and Mutual Funds/AMCs shall disclose the Risk-o-meter along with portfolio disclosure for all their schemes on the website of the Mutual Fund (www.carnelianmf.com) and that of AMFI (www.amfiindia.com) within 10 days from the close of each month.

Mutual Funds shall also disclose the risk level of schemes as on March 31 of every year, along with number of times the risk level has changed over the year, on its website and AMFI website.

Investors may please note that the Risk-o-meter disclosed is basis internal assessment of the scheme portfolio as on the date of disclosure.

4) Scheme Summary Document

Pursuant to SEBI advisory dated December 28, 2021, a standalone scheme document called 'Scheme Summary Document' for all the Schemes of Carnelian Mutual Fund has been hosted on its website (www.carnelianmf.com) which contains all the details of the Schemes including but not limited to Scheme features, Fund Manager details, investment details, investment objective, expense ratios, portfolio details, etc. The Scheme Summary Document is uploaded on the website of the Mutual Fund, AMFI and stock exchanges in 3 data formats i.e. PDF, Spreadsheet and a machine readable format (either JSON or XML).

5) Potential Risk Class (PRC) Matrix

Pursuant to the Clause 6.18 of SEBI Master Circular dated March 20, 2026, all debt schemes are required to be classified in terms of a Potential Risk Class matrix consisting of parameters based on maximum interest rate risk (measured by Macaulay Duration (MD) of the scheme) and maximum credit risk (measured by Credit Risk Value (CRV) of the scheme). Mutual Funds are required to disclose the PRC matrix (i.e. maximum risk that a fund manager can take in a Scheme) along with the mark for the cell in which the Scheme resides on the front page of initial offering application form, SID, KIM, common application form and scheme advertisements in the manner as prescribed in the said circular. The scheme would have the flexibility to take interest rate risk and credit risk below the maximum risk as stated in the PRC matrix. Subsequently, once a PRC cell selection is done by the Scheme, any change in the positioning of the Scheme into a cell resulting in a risk (in terms of credit risk or duration risk) which is higher than the maximum risk specified for the chosen PRC cell, shall be considered as a fundamental attribute change of the Scheme in terms of Regulation 22(9)(c) of SEBI (Mutual Fund) Regulations, 2026.

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.