**SCHEME INFORMATION DOCUMENT**

Long-term wealth creators

# ITI CONSERVATIVE HYBRID FUND

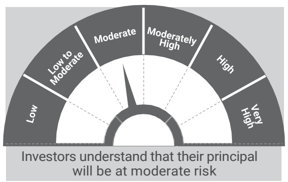
(An open ended hybrid scheme investing predominantly in debt instruments)

**Continuous offer for Units at NAV based prices**

**This product is suitable for investors who are seeking*:**

- Capital appreciation while *generating income over medi*um to long term
- Investments in debt and money market instruments and equity and equity related securities

* *Investors should consult their financial advisers if in doubt about whether the product is suitable for* them.




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

**The Scheme Information Document should be read in conjunction with the SAI and not in isolation.**

**This Scheme Information Document is dated October 30, 2023**

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

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

**The investors / unitholders are advised to refer to the Statement of Additional Information (SAI) for details of ITI Mutual Fund, Tax and Legal issues and general information on www.itiamc.com.**


**Name and Address of Mutual Fund**

**ITI Mutual Fund**

ITI House, Building no. 36,
Dr. R. K. Shirodkar Marg, Parel,
Mumbai 400 012

**Name and Address of Asset Management Company**

**ITI Asset Management Limited**

Registered Office:

ITI House, Building no. 36,
Dr. R. K. Shirodkar Marg, Parel,
Mumbai 400 012

CIN: U67100MH2008PLC177677

**Name and Address of Trustee Company**

**ITI Mutual Fund Trustee Private Limited**

Registered Office:

ITI House, Building no. 36,
Dr. R. K. Shirodkar Marg, Parel,
Mumbai 400 012

CIN: U65999MH2016PTC287077

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**HIGHLIGHTS/SUMMARY OF THE SCHEME**

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| **Name of the Scheme** | ITI Conservative Hybrid Fund |
| **Type of Scheme** | An open ended hybrid scheme investing predominantly in debt instruments |
| **NSDL Scheme Code** | ITIM/O/H/CHF/22/01/0016 |
| **Investment objective** | The Scheme seeks to generate regular income through investments in debt & money market instruments, along with capital appreciation through limited exposure to equity and equity related instruments. However, there can be no assurance that the investment objective of the scheme will be realized. |
| **Benchmark** | Nifty 50 Hybrid Composite Debt 15:85 Index (1st tier benchmark) |
| **Transparency/NAV Disclosure** | The AMC will calculate and disclose the NAV of the Scheme on all business days and upload on the AMFI website, www.amfiindia.com and AMC website i.e. www.itiamc.com by 11.00 p.m. on the day of the declaration of the NAV. Considering the scheme will invest in units of Corporate Debt Market Development Fund ('CDMDF')*, in the event the NAV of CDMDF units is not available by 9:30 p.m. of same Business Day, NAV declaration timing for the scheme shall be 10 a.m. on next business day instead of 11 p.m. on same Business Day.<br>*(* Refer details of CDMDF under Point 12 of Section I.A. 'Risk Factors').*<br><br>In case of any delay beyond the timings mentioned above, the reasons for such delay would be explained to AMFI in writing. If the NAVs are not available before the commencement of Business Hours on the following day due to any reason, the AMC shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.<br><br>The NAV of the Scheme will be calculated and declared by the Fund on every Working Day. The information on NAV may be obtained by the Unitholders, on any business day from the office of the AMC / the office of the Registrar in Hyderabad or any of the other Designated Investor Service Centres.<br><br>The AMC will disclose portfolios (along with ISIN, riskometers of scheme and benchmark index) in user friendly and downloadable spreadsheet format, as on the last day of the month/half year for all the schemes on its website (www.itiamc.com) and on the website of AMFI (www.amfiindia.com) within such timelines as may be prescribed under the Regulations from time to time. The risk-o-meter of the scheme undergoes an internal assessment based on various parameters, on a monthly basis and the same is disclosed along with the riskometer of the benchmark of the scheme.<br><br>In case of unitholders whose email addresses are registered, the AMC shall send via email both the monthly and half yearly statement of scheme portfolio within 10 days from the close of each month/half year respectively. A link will be sent to unitholder's registered email to allow unitholder to directly view or download only the portfolio of scheme(s) subscribed by him.<br><br>The AMC will publish an advertisement every half-year, in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the half yearly statement of the scheme portfolio on the AMC's website |
| **Liquidity** | Units may be purchased or redeemed at NAV, subject to applicable Loads (if any), on every Business Day on an ongoing basis.<br><br>The AMC will dispatch Redemption proceeds within 3 Business Days from the date of acceptance of Redemption request. However, in certain circumstances [outlined in Section I- 'Restrictions on Redemptions'] restrictions on redemptions may be imposed. |

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| | (www.itiamc.com) and on the website of AMFI (www.amfiindia.com) and the modes such as telephone, email or written request (letter) through which an unitholder can submit a request for a physical or electronic copy of the statement of scheme portfolio. The AMC will provide physical copy of the statement of scheme portfolio without any cost, on specific request received from a unitholder.<br><br>The Annual Report or Abridged summary thereof in the format prescribed by SEBI will be hosted within four months from the date of closure of the relevant accounting year (i.e. March 31st each year) on AMC's website (www.itiamc.com) and on the website of AMFI (www.amfiindia.com). The Annual Report or Abridged Summary thereof will also be sent by way of e-mail to the Unit holder's registered e-mail address Unit holders, who have not registered their email address, will have an option of receiving a physical copy of the Annual Report or Abridged summary thereof.<br><br>The AMC will provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on specific request received from a Unit holder. Physical copies of the report will also be available to the Unit holders at the registered office at all times. The AMC will publish an advertisement every year, in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the scheme wise annual report on the AMC's website (www.itiamc.com) and on the website of AMFI (www.amfiindia.com) and the modes such as SMS, telephone, email or written request (letter) through which a unitholder can submit a request for a physical or electronic copy of the scheme wise annual report or abridged summary thereof.<br><br>The AMC will also provide a dashboard, in a comparable, downloadable (spreadsheet) and machine readable format, providing performance and key disclosures like Scheme's AUM, investment objective, expense ratios, portfolio details, scheme's past performance etc. on its website. |
| **Product labelling** | Pursuant to SEBI Master circular no. SEBI/HO/IMD/IMD-POD-1/P/CIR/202374 dated May 19, 2023, the AMC shall assign risk level of the scheme based on the scheme characteristics at the time of launch of scheme. 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.<br><br>Further, the AMC shall evaluate Risk-o-meter on a monthly basis and shall disclose the Risk-o-meter along with portfolio disclosure for all their schemes (along with the riskometer of the scheme's benchmark) on their respective website and on AMFI website within 10 days from the close of each month. The riskometer assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.<br>The AMC shall also disclose the risk level of all schemes as on March 31 of every year, along with number of times the risk level has changed over the year, on their website and AMFI website. The table of scheme wise changes in Risk-o-meter shall also be disclosed in scheme wise Annual Reports and Abridged summary thereof. |
| **Loads** | **Entry Load** – Not Applicable<br><br>**Exit Load** – NIL |
| **Minimum application Amount** | Rs. 5,000/- and in multiples of Re. 1/- thereafter |

<table>
<tr><td>Minimum additional application amount (for subsequent investments under an existing folio)</td><td>Rs. 1,000/- and in multiples of Re. 1/- thereafter</td></tr>
<tr><td>Minimum redemption amount</td><td>Rs. 1,000/- and in multiples of Re. 1/- thereafter or the account balance, whichever is lower.<br><br>There will be no minimum redemption criterion for Unit based redemption.</td></tr>
<tr><td>Scheme Plans & Options</td><td>The Scheme will have two Plans i.e. Direct Plan and Regular Plan with a common portfolio and separate NAVs.<br><br>Direct Plan is only for investors who purchase /subscribe Units in the scheme directly with the Fund and is not available for investors who route their investments through a Distributor.<br><br>Both Direct and Regular Plan(s) offers two Options, viz., (i) Growth Option; and (ii) Income Distribution cum Capital Withdrawal (IDCW) Option (with Payout of Income Distribution cum capital withdrawal option and Reinvestment of Income Distribution cum capital withdrawal option).<br><br>Under the Growth option, no IDCW (IDCW) will be declared.<br><br>Both Regular and Direct Plan(s), offer the below options / sub-options / facilities:
<table>
<tr><th>Options</th><th>Sub-Options/ Facilities</th><th>Frequency of Dividend</th><th>Record Date</th></tr>
<tr><td>Growth</td><td>Nil</td><td>NA</td><td>NA</td></tr>
<tr><td rowspan="3">Income Distribution cum Capital Withdrawal (IDCW)</td><td>Quarterly (Payout and Reinvestment option)</td><td>Quarterly</td><td>NA</td></tr>
<tr><td>Half Yearly (Payout and Reinvestment option)</td><td>Half Yearly</td><td>NA</td></tr>
<tr><td>Annually (Payout and Reinvestment option)</td><td>Annually</td><td>NA</td></tr>
</table>
<br>The Trustee / AMC reserves the rights to change the record date from time to time.<br><br>Under the IDCW option, IDCW may be declared by the Trustee, at its discretion, from time to time (subject to the availability of distributable surplus as calculated in accordance with the SEBI Regulations).<br><br>If the investor does not clearly specify the choice of option (Growth / IDCW) at the time of investing, it will be treated as a Growth option. If the investor does not clearly specify at the time of investing, the choice of option under IDCW, it will be treated as a Reinvestment of Income Distribution cum capital withdrawal option.<br><br>The Trustee may decide to distribute by way of IDCW, the surplus by way of realised profit, IDCWs and interest, net of losses, expenses and taxes, if any, to Unit-holders in the IDCW option of the Scheme if such surplus is available and adequate for distribution in the opinion of the Trustee. The Trustee's decision with regard to availability and adequacy, rate, timing and frequency of distribution shall be final. The IDCW will be due to only those Unit-holders whose names appear in the register of Unit Holders in the IDCW option of the Scheme on the record date.<br><br>As per section 139AA of the Income Tax Act 1961, it is mandatory to link your</td></tr>
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| | Aadhaar with PAN**.** Please be informed ***in case your Aadhaar is not linked with PAN, the PAN will become inoperative effective July 01, 2023 and the folios linked with such PAN will be blocked and you will not be able to do any transactions in those folios*** **and** Attract higher TDS deduction on the payouts wherever applicable / as per Income Tax. |
| **Transaction Charges to Distributors** | In accordance with the terms of SEBI Master circular no. SEBI/HO/IMD/IMD-POD-1/P/CIR/202374 dated May 19, 2023, on Transaction Charges, the AMC/Mutual Fund shall deduct the Transaction Charges on purchase / subscription received from first time mutual fund investors and investors other than first time mutual fund investors through the distributor (who have specifically opted in to receive the transaction charges) as under:<br><br>**First Time Mutual Fund Investor (across Mutual Funds)**:<br><br>Transaction charge of Rs. 150/- for subscription of Rs. 10,000 and above will be deducted from the subscription amount and paid to the distributor/agent of the first time investor and the balance amount shall be invested.<br><br>**Investor other than First Time Mutual Fund Investo**r:<br><br>Transaction charge of Rs.100/- per subscription of Rs.10,000 and above will be deducted from the subscription amount and paid to the distributor/agent of the existing investor and the balance amount shall be invested.<br><br>Distributors shall be able to choose to “opt in” OR “opt out” of charging the transaction charge. However, the option exercised by the Distributor is required to be at distributor level and may be based on type of product but not at investor level i.e. a distributor shall not charge one investor and choose not to charge another investor.<br><br>Transaction charges shall not be deducted for (i) purchases/ subscriptions made directly with the Fund (i.e. not through any distributor); (ii) purchase /subscriptions below Rs.10,000/- and (iii) transactions other than purchases/ subscriptions relating to new inflows such as Switch/STP/SWP/DTP etc.<br>For further details on Transaction Charges, refer to the sub section E. ‘Transaction Charges to Distributors’ under Section IV. ‘Fees and Expenses’ in this document. |
| **Option to hold Units in dematerialised form** | An applicant in a scheme whose application has been accepted shall have the option either to receive the statement of accounts or to hold the units in dematerialised form and the asset management company shall issue to such applicant, a statement of accounts specifying the number of units allotted to the applicant or issue units in the dematerialized form as soon as possible but not later than five working days from the date of closure of the initial subscription list or from the date of receipt of the application.<br><br>The Applicants intending to hold the Units in dematerialised mode will be required to have a beneficiary account with a DP of the NSDL/CDSL and will be required to mention the DP's name, DP ID no and Beneficiary Account No. with the DP in the application form at the time of subscription/ additional purchase of the Units of the Scheme/Plan/Option.<br><br>Further, investors also have an option to convert their physical holdings into the dematerialised mode at a later date. Each Option under each Plan held in the dematerialised form shall be identified on the basis of an International |

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| | Securities Identification Number (ISIN) allotted by National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL). The ISIN details of the respective option under the respective Plan can be obtained from your Depository Participant (DP) or the investors can access the website link www.nsdl.co.in or www.cdslindia.com.The holding of units in the dematerialised mode would be subject to the guidelines/ procedural requirements as laid by the Depositories viz. NSDL/CDSL from time to time. For further details, refer section III 'Units and Offer'. |
| **Transfer of Units** | The Units of the Scheme held in the dematerialised form will be fully and freely transferable (subject to lock-in period, if any and subject to lien, if any marked on the units) in accordance with the provisions of SEBI (Depositories and Participants) Regulations as may be amended from time to time.<br><br>For units held in non - demat form / by way of an Account Statement, unit holders intending to transfer units will have to get the units Certified by submitting designated form. On receipt of the said request, RTA will mark the underlying units as Certified Units and will issue a Certified SOA for those units. The AMC / RTA, on production of Designated Transfer Form together with relevant Certified SOA and requisite documents, register the transfer and provide the Certified SOA to the transferee within 10 business days from the date of such production. Investors may note that stamp duty and other statutory levies, if any, as applicable from time to time shall be borne by the transferee.<br><br>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. |

Before investing, investors should check for any changes in scheme features, load structure, etc. made to this Scheme Information Document by issue of addenda / notice after the date of this Document. Notice/Addenda are available on *www.itiamc.com>Downloads section>Notice and Addendum.*

# I. INTRODUCTION

## *A. RISK FACTORS*

### i. Standard Risk Factors:

1) Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.

2) As the price / value / interest rate 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.

3) Past performance of the Sponsors/AMC/Mutual Fund does not guarantee future performance of the Scheme.

4) The name of the Scheme does not in any manner indicates either the quality of the Scheme or its future prospects and returns.

5) The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of an amount of Rs. 1 lakh made by it towards setting up the Fund.

6) **ITI Conservative Hybrid Fund** is not a guaranteed or assured return Scheme.

7) Although it is intended to generate capital appreciation and maximize the returns by actively investing in debt and money market instruments, investors may note that AMC/Fund Manager's investment decisions may not be always profitable.

### ii. Scheme Specific Risk Factors:

Different types of securities in which the Scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly, the Scheme's risk may increase or decrease depending upon its investment pattern.

**1. Risks associated with investing in Equities and Equity related Securities:**

• The value of the Scheme's investments may be affected by factors affecting the securities markets such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in law / policies of the government, taxation laws and political, economic or other developments which may have an adverse bearing on individual Securities, a specific sector or all sectors. Consequently, the NAV of the Units of the Scheme may be affected.

• Equity Securities and equity-related Securities are volatile and prone to price fluctuations on a daily basis. The liquidity of investments made by the Scheme may be restricted by trading volumes and settlement periods. This may impact the ability of the Unit Holders to redeem their Units. In view of this, the Trustee has the right, in its sole discretion to limit Redemptions (including suspending Redemption) in certain circumstances [outlined in Section I - 'Restrictions on Redemptions'].

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

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

• The liquidity and valuation of the Scheme's investments due to its holdings of Securities proposed to be listed may be affected if they have to be sold prior to the target date for disinvestment.

• Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger liquidity risk in comparison with Securities that are listed on the exchanges or offer other exit options to the investors, including put options. The AMC may choose to invest in Securities proposed to be listed within the regulatory limit. This may however increase the risk of the portfolio.

**2. Risks associated with investing in debt and / or Money Market Securities:**

The following are the risks associated with investment in debt and Money Market securities:

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

**Re-investment Risk:** Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.

**Spread Risk:** Yield Spreads between fixed income securities might change. Example: Corporate Bonds are exposed to the risk of widening of the spread between corporate bonds and gilts. Prices of corporate bonds tend to fall if this spread widens which might adversely affect the NAV of the scheme. Similarly, in case of floating rate securities, where the coupon is expressed in terms of a spread or mark up over the benchmark rate, widening of the spread results in a fall in the value of such securities.

**Liquidity Risk:** This risk pertains to how saleable a security is in the market or the ease at which a security can be sold at or close to its true value. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of some of the investments. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. The liquidity of debt securities may change, depending on market conditions. At the time of selling the security, the security can become less liquid (wider spread) or illiquid, leading to loss in value of the portfolio. Securities that are proposed to be listed generally carry a higher liquidity risk compared to listed securities.

Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring mark to market losses and losses when the security is finally sold.

Liquidity risk is greater for thinly traded securities, lower-rated bonds, bonds that were part of a smaller issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer may be relatively illiquid. Bonds are generally the most liquid during the period right after issuance when the bond typically has the highest trading volume.

**Credit Risk/ Default Risk:** Credit risk is the risk that the issuer of a debenture/ bond or a money market instrument may default on interest and /or principal payment obligations and/or on violation of covenant(s) and/or delay in scheduled payment(s). Even when there is no default, the price of a security may change with expected changes in the credit rating of the issuer.

Government Security is a sovereign security and the default risk is considered to be the least. Corporate bonds carry a higher credit risk than Government Securities and among corporate bonds there are different levels of safety. Credit risks of most issuers of debt securities are rated by independent and professionally run rating agencies. Ratings of Credit issued by these agencies typically range from “AAA” (read as “Triple A” denoting “Highest Safety”) to “D” (denoting “Default”). A bond rated higher by a particular rating agency is safer than a bond rated lower by the same rating agency.

**Counterparty Risk:** This is the risk of failure of counterparty to the transaction to deliver securities against consideration received or to pay consideration against securities delivered, in full or in part or as per the agreed specification. There could be losses to the Scheme in case of counterparty default.

**Settlement Risk:** Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make purchases in intended securities due to settlement problems could cause the Scheme to miss certain investment opportunities. Fixed income securities run the risk of settlement which can adversely affect the ability of the fund house to swiftly execute trading strategies which can lead to adverse movements in NAV.

**Duration Risk:** The modified duration of a bond is a measure of its price sensitivity to interest rates movements, based on the average time to maturity of its interest and principal cash flows.

Bond portfolio managers increase average duration when they expect rates to decline, to get the most benefit, and decrease average duration when they expect rates to rise, to minimize the negative impact. If rates move in a direction contrary to their expectations, they lose.

**Inflation Risk:** Inflation causes tomorrow’s currency to be worth less than today’s; in other words, it reduces the purchasing power of a bond investor’s future interest payments and principal, collectively known as “cash flows.” Inflation also leads to higher interest rates, which in turn leads to lower bond prices. Inflation- indexed securities such as Treasury Inflation Protection Securities (TIPS) are structured to remove inflation risk.

**Performance Risk:** Performance of the Scheme may be impacted with changes in factors which affect the capital market and in particular the debt market.

**Selection Risk:** This is the risk that a security chosen will underperform the market for reasons that cannot be anticipated.

**Timing Risk:** It is the risk of transacting at a price based on erroneous future price predictions resulting to losses. Timing risk explains the potential for missing out on beneficial movements in price due to an error in timing. This could lead to purchasing too high or selling too low.

**Call Risk:** Some corporate, municipal and agency bonds have a “call provision” entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates may accelerate the redemption of a callable bond, causing an investor’s principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at the lower interest rates. (See also Reinvestment risk.)

**Concentration Risk:** This is the risk arising from over exposure to few securities/issuers/sectors. The Scheme intends to invest substantially in Tri – Party Repo. For risks relating to investments in Tri – Party Repo, please refer to the section on ‘Risks associated with investing in Securities Segment and Tri-party Repo trade settlement’ herein below in this document.

**Legislative Risk:** This is the risk that a change in the tax code could affect the value of taxable or tax- exempt interest income.

**3. Risks associated with Derivatives**

• The Scheme may invest in derivative products in accordance with and to the extent permitted under the Regulations. The use of derivatives requires an understanding of the underlying instruments and the derivatives themselves. The risk of investments in derivatives includes mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

• 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.

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

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

• The relevant stock exchange may impose restrictions on exercise of options and may also restrict the exercise of options at certain times in specified circumstances. The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.

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

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

• 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.

• Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends on the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involves uncertainty and the decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

• The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

• As and when the Scheme trades in derivative products, there are risk factors and issues concerning the use of derivatives that investors should understand. Derivatives require the maintenance of adequate controls to monitor such transactions and the embedded market risks that a derivative adds to the portfolio.

Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives. Other risks in using derivatives include but are not limited to:

a) **Credit Risk**: This occurs when a counterparty defaults on a transaction before settlement and therefore, the Scheme is compelled to negotiate with another counterparty at the then prevailing (possibly unfavorable) market price, in order to maintain the validity of the hedge.

b) **Market Liquidity Risk**: This is where the derivatives cannot be sold at prices that reflect the underlying assets, rates and indices.

c) **Model Risk**: This is the risk of mis-pricing or improper valuation of derivatives.

d) **Basis Risk**: This is when the instrument used as a hedge does not match the movement in the instrument / underlying asset being hedged. The risks may be inter–related also; for e.g. interest rate movements can affect equity prices which could influence specific issuer / industry assets and incase of debt, may potentially amplify the gains or losses, thus adding risk to the position.

e) **Spread risk**: A spread risk would arise if the derivative hedge is unable to fully capture the compression /

expansion of the bond spreads of the underlying portfolio.

f) **Unwinding risk:** Unexpected market developments may require unwinding derivative positions at disadvantageous prices during periods of heightened volatility

g) **Counter-party risk**: Derivatives will entail a counter-party risk to the extent of amount that can become due from the counter-party.

The Scheme intends to invest in derivatives through different strategies including hedging, arbitrage, options, alpha and covered call. The risk pertaining to the same are enumerated below:

i) **Hedging** - Hedging protects against the loss in the market value of a stock. However, if the stock moves up, the hedged position could result in an opportunity loss.

ii) **Arbitrage strategy** - If due to redemptions, the arbitrage positions need to be reversed before the expiry date of futures contract, there is a risk that the arbitrage spread locked in may not be realized.

iii) **Alpha Strategy** - If the fund manager's view on derivatives does not materialise, there is a risk of underperformance as positions may have to be closed at a loss.

iv) **Options strategy** - When a scheme buys call option on a stock or index, if the stock or index does not appreciate above the strike price of the option, the premium paid will result in a loss. Similarly, when a scheme buys put option but the price of underlying stock / index does not fall, the premium paid will result in a loss.

v) **Covered call strategy** - If the price of the stock appreciates beyond the strike price, returns in excess of strike price of option will not be available to the scheme. This will result in opportunity loss for the scheme. Also, if the price of the stock falls drastically, the option premium received may not compensate for the fall in stock price. The risks pertaining to this strategy is explained in detail after this section for understanding purpose.

**vi)** **Imperfect hedging using Interest Rate Futures (IRF)-** Perfect Hedging means hedging the underlying using IRF contract of same underlying. Imperfect hedging is when the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged.

**4. Risks associated with Covered Call Strategy**

• Writing call options are highly specialized activities and entail higher than ordinary investment risks. In such investment strategy, the profits from call option writing is capped at the option premium, however the downside depends upon the increase in value of the underlying equity shares. This downside risk is reduced by writing covered call options.

• The Scheme may write covered call option only in case it has adequate number of underlying equity shares as per regulatory requirement. This would lead to setting aside a portion of investment in underlying equity shares. If covered call options are sold to the maximum extent allowed by regulatory authority, the Scheme may not be able to sell the underlying equity shares immediately if the view changes to sell and exit the stock. The covered call options need to be unwound before the stock positions can be liquidated. This may lead to a loss of opportunity, or can cause exit issues if the strike price at which the call option contracts have been written become illiquid. Hence, the Scheme may not be able to sell the underlying equity shares, which can lead to temporary illiquidity of the underlying equity shares and result in loss of opportunity.

• The writing of covered call option would lead to loss of opportunity due to appreciation in value of the underlying equity shares. Hence, when the appreciation in equity share price is more than the option premium received the Scheme would be at a loss.

**5. Risk Associated with Short Selling and Securities Lending**

The risks in lending portfolio Securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of Securities, i.e. the Scheme, and the approved intermediary. Such failure to comply can result in a possible loss of rights in the collateral put up by the borrower of the Securities, the ability of the approved intermediary to return the Securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the Securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such Securities and this can lead to temporary illiquidity.

**6. Risks associated with investing in repo transactions in corporate bonds:**

The market for the aforesaid product is illiquid. Hence, repo obligations cannot be easily sold to other parties. If a counterparty fails, the scheme would have to take recourse to the collateral provided. If a counterparty fails to repay and the value of the collateral falls beyond the haircut, then the Scheme would be exposed to a loss of interest or principal.

Further, if the Scheme needs to take recourse to the debt securities provided as collateral, and the issuer of the debt securities makes a default, the scheme may lose the whole, or substantial portion of the amount. This risk is somewhat mitigated by the fact that only bonds which have credit rating of AA and above can be accepted as collateral for repo transactions.

**7. Risks associated with investing in Securities Segment and Tri-party Repo trade settlement**

The mutual fund is a member of securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL). CCIL shall maintain two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The mutual fund is exposed to the extent of its contribution to the default fund of CCIL at any given point in time i.e. in the event that the default waterfall is triggered and the contribution of the mutual fund is called upon to absorb settlement/default losses of another member by CCIL, the scheme may lose an amount equivalent to its contribution to the default fund.

**8. Risks associated with Investments in REITs and InvITs:**

- **Price-Risk or Interest-Rate Risk**: REITs & InvITs run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.

- **Credit Risk**: In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. REITs & InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be prescheduled.

- **Liquidity or Marketability Risk**: This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. As these products are new to the market they are likely to be exposed to liquidity risk.

- **Reinvestment Risk**: Investments in REITs & InvITs may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.

- **Risk of lower than expected distributions**: The distributions by the REIT or InvIT will be based on the net cash flows available for distribution. The amount of cash available for distribution principally depends upon the amount of cash that the REIT/INVIT receives as IDCWs or the interest and principal payments from portfolio assets.

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

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

In respect of transaction in Units of the Scheme through BSE and / or NSE (applicable to the facility to transact in the Units of the Scheme through the Stock Exchange mechanism provided by the AMC), allotment and redemption of Units on any Business Day will depend upon the order processing / settlement by BSE and / or NSE and their respective clearing corporations on which the Fund has no control.

**10. Risks associated with Restrictions on Redemption:**

As outlined in Section I – 'Restrictions on Redemptions' the Trustee and the AMC may impose restrictions on redemptions when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets. Accordingly, such restriction may affect the liquidity of the Scheme and there may be a delay in investors receiving part of their redemption proceeds.

**11. Risks associated with Segregated portfolio:**

As outlined in Section I – 'Creation of segregated portfolio' the AMC / Trustee shall decide on creation of segregated portfolio of the Scheme in case of a credit event at issuer level i.e. downgrade in credit rating by a Credit Rating Agencies (CRA) or actual default (in case of unrated debt or money market instruments). Accordingly, Investor holding units of segregated portfolio may not able to liquidate their holding till the time recovery of money from the issuer. The Security comprised of segregated portfolio may not realise any value.

Further, Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV.

**Risk Control:**

Investments in equity, debt and derivative securities carry various risks such as inability to sell securities, trading volumes and settlement periods, market risk, interest rate risk, liquidity risk, default risk, reinvestment risk etc. Whilst such risks cannot be eliminated, they may be mitigated by diversification and hedging.

In order to mitigate the various risks, the portfolio of the Scheme will be constructed in accordance with the investment restriction specified under the Regulations which would help in mitigating certain risks relating to investments in securities market.

Further, the AMC has necessary framework in place for risk mitigation at an enterprise level. The Risk Management division is an independent division within the organization. Internal limits are defined and judiciously monitored. Risk indicators on various parameters are computed and are monitored on a regular basis. For risk control, the following may be noted:

| Risk & Description specific to the Scheme | Risk mitigants / management strategy |
|---|---|
| **Market risk**<br>Risk arising due to vulnerability to price fluctuations and volatility, having material impact on the overall returns of the scheme | Endeavour to have a well-diversified portfolio of good companies with the ability to use cash/derivatives for hedging |
| **Derivatives risk**<br>Various inherent risks arising as a consequence of investing in derivatives. | Continuous monitoring of the derivatives positions and strictly adheres to the regulations and internal norms |
| **Credit risk**<br>Risk associated with repayment of investment<br><br>**Performance risk**<br>Risk arising due to change in factors affecting the Market | Investment universe carefully selected to only include issuers with high credit quality Understand the working of the markets and respond effectively to market movements |

| | |
|---|---|
| **Concentration risk**<br>Risk arising due to over exposure in few securities | Invest across the spectrum of issuers and keeping flexibility to invest across tenor |
| **Liquidity risk**<br>Risk arising due to inefficient Asset Liability Management, resulting in high impact costs | Control portfolio liquidity at portfolio construction stage. Having optimum mix of cash & cash equivalents along with the debt papers in the portfolio |
| **Interest rate risk**<br>Price volatility due to movement in interest rates | Control the portfolio duration and periodically evaluate the portfolio structure with respect to existing interest rate scenario |
| **Event risk**<br>Price risk due to company or sector specific event | Understand businesses to respond effectively and speedily to events. Usage of derivatives: Hedge portfolios, if required, in case of predictable events with uncertain outcomes |

**12.Backstop facility in the form of investment in Corporate Debt Market Development Fund (CDMDF) :**

CDMDF is set up as a scheme of the Trust registered as an Alternative Investment Fund ('AIF') in accordance with the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"). The objective of the CDMDF is to help to develop the corporate debt market by providing backstop 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 MF schemes to begin with) and sell as markets recover. The CDMDF will thus act as a key enabler for facilitating liquidity in the corporate debt market and to respond quickly in times of market dislocation. The trigger and period for which the backstop facility will be open shall be as decided by SEBI. Thus, this backstop facility will help fund managers of such debt schemes to better generate liquidity during market dislocation to help the schemes fulfill liquidity obligations under stress situation.

In accordance with the requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund Schemes in units of CDMDF, the debt schemes shall invest 25 bps of their AUM as on December 31, 2022 in the units of CDMDF. An incremental contribution to CDMDF shall be made every six months to ensure 25 bps of scheme AUM is invested in units of CDMDF. However, if AUM decreases there shall be no return or redemption from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF.

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

Investors are requested to read disclosure on investment of the scheme in CDMDF listed in sub-section 'C. How will the Scheme allocate its assets?' and sub-section 'D. Where will the Scheme invest' under Section II- 'Information about the scheme'.

## *B.* 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. 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.

### *C. SPECIAL CONSIDERATIONS*

- The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of an amount of Rs 1,00,000/- (Rupees One Lakh only) made by it towards setting up the Mutual Fund or such other accretions and additions to the initial corpus set up by the Sponsor. The associates of the Sponsor are not responsible or liable for any loss or shortfall resulting from the operation of the Scheme.
- Neither this SID, SAI nor the Units have been filed / registered in any jurisdiction other than India. The distribution of this SID in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this SID are required to inform themselves about, and to comply with, any such restrictions.
- Before making an application for Units, prospective investors should review / study this SID and the SAI carefully and in their entirety and should not construe the contents thereof or regard the summaries contained therein as advice relating to legal, taxation, or financial / investment matters. Investors should consult their own professional advisor(s) as to the legal, tax or financial implications or other consequences resulting from the following:

  - Subscription, gifting, acquisition, holding, disposal (by way of sale, switch or Redemption or conversion into money) of Units; and To the treatment of income (if any), capitalisation, (by way of sale, switch or Redemption or conversion into money) of Units; and

  - To the treatment of income (if any), capitalisation capital gains, any distribution and other tax consequences relevant to their Subscription, acquisition, holding, capitalisation, disposal (by way of sale, transfer, switch, Redemption or conversion into money) of Units within their jurisdiction or under the laws of any jurisdiction to which they may be subject.

- Neither the Mutual Fund nor the Sponsor nor the AMC has authorized any person to give any information or make any representation, either oral or written, that is not consistent with this SID in connection with the issue of Units. Prospective investors are advised not to rely on any information or representation not incorporated in this SID, unless it has been authorized by the Mutual Fund, the AMC or the Sponsor. Any subscription or Redemption made by any person on the basis of statements or representations which are not contained or which are inconsistent with the information contained in this SID shall be solely at the risk of the investor.
- .The tax benefits described in this SID are as available under the prevailing taxation laws. The information given is included only for general purpose and is based on the advice received by the AMC regarding the laws and practice currently in force in India. Investors / Unit Holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Unit Holder is advised to consult their own professional tax advisor.
- Mutual funds invest in Securities which may not always be profitable and there can be no guarantee against loss resulting from investing in the Scheme. The Scheme's value may be impacted by fluctuations in the bond markets, fluctuations in interest rates, prevailing political, economic and social environments, changes in government policies and other factors specific to the issuer of the securities, tax Laws, liquidity of the underlying instruments, settlement periods, trading volumes etc.
- Redemptions due to a change in the fundamental attribute of the Scheme or due to any other reason may entail tax consequences. Such taxes, if any, shall be borne by the investor and neither the Mutual Fund nor the Scheme or the AMC shall be liable for any tax consequences that may arise.
- In terms of the Prevention of Money Laundering Act, 2002 ("PMLA") the rules issued there under and the guidelines / circulars issued by SEBI regarding the Anti Money Laundering Laws, all intermediaries, including mutual funds, are required to formulate and implement a client identification programme, and to verify and maintain the record of identity and addresses of investors. If any necessary due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, the AMC shall report such transactions to competent authorities under PMLA and the circulars thereunder, further any further information in connection therewith to such authorities ad

take any actions as may be required for the purposes of fulfilling its obligations under PMLA and rules / guidelines issued thereunder by SEBI and / or RBI without obtaining the prior approval of the investor / unit holder.

- The AMC can invest in any of the Schemes of ITI Mutual Fund subject to the limits as prescribed by the SEBI Regulations and in such cases it will not be entitled to charge any fees on such investments. The Sponsor, entities managed or sponsored by the affiliates or associates of the Sponsor, Funds managed / advised by the Sponsor / and their associated entities, the asset management company, the Custodian, the Registrar, any Associate, any Distributor, Dealer, any Company, Corporate Bodies, Trusts, any Service Provider, investor (resident or non resident), any Scheme / Mutual Fund managed by the Asset Management Company or by any other Asset Management Company may invest in this Scheme, subject to the limits specified by SEBI. While at all times the Trusteeship Company and the Asset Management Company will endeavor that excessive holding of Units in the Scheme among a few Unit holders is avoided, however, the funds invested by these aforesaid persons may acquire a substantial portion of the Scheme's outstanding Units and collectively may constitute a majority unit holder in the Scheme. Redemption of Units held by such persons may have an adverse impact on the value of the Units of the Scheme because of the timing of any such redemption. It may also have impact on the liquidity of the Scheme, which may lead to an adverse impact on the NAV of the Scheme.
- As the liquidity of the Scheme investments may sometimes be restricted when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or efficient functioning of markets, the time taken by the Fund for Redemption of Units (subject to lock in period, if any) may be significant during such events. In view of this, the AMC has the right, in its sole discretion, on the basis of specific approval of the Board of Directors of the AMC and the Trustee Company, and in accordance with applicable regulations, circulars and other prevalent guidelines, to limit redemptions under certain circumstances. Please refer to the paragraph "Right to Limit Redemption" in the SAI for further details.
- In accordance with the SEBI Regulations, an AMC subject to certain conditions is permitted to undertake activities in the nature of portfolio management services and management and advisory services to pooled assets including offshore funds, insurance funds, pension funds, provident funds, if any of such activities are not in conflict with the activities of the Mutual Fund. Subject to these activities being assessed as desirable and economically viable, the AMC may undertake any or all of these activities after satisfying itself that there is no potential conflict of interest.

**Right to Limit Redemptions**

Subject to the approval of Board of Directors of the AMC and Trustee Company and immediate intimation to SEBI, a restriction on redemptions may be imposed by the Scheme when there are circumstances, which the AMC / Trustee believe that may lead to a systemic crisis or event that constrict liquidity of most securities or the efficient functioning of markets such as:

1. Liquidity issues - when market at large becomes illiquid affecting almost all securities rather than any issuer specific security.
2. Market failures, exchange closures - when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies.
3. Operational issues – when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out). Such cases can only be considered if they are reasonably unpredictable and occur in spite of appropriate diligence of third parties, adequate and effective disaster recovery procedures and systems.

Such restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period. However, if exceptional circumstances / systemic crisis referred above continues beyond the expected timelines, the restriction may be extended further subject to the prior approval of Board of Directors of the AMC and Trustee Company giving details of circumstances and justification for seeking such extension shall also be informed to SEBI in advance.

**Procedure to be followed while imposing restriction on redemptions**

a. No redemption requests upto Rs. 2 lakhs per request shall be subject to such restriction;

b. Where redemption requests are above Rs. 2 lakhs:

   i. The AMC shall redeem the first Rs. 2 lakhs of each redemption request, without such restriction;
   ii. Remaining part over and above Rs. 2 lakhs shall be subject to such restriction and be dealt as under:

- Any Units which are not redeemed on a particular Business Day will be carried forward for Redemption to the next Business Day, in order of receipt.
- Redemptions so carried forward will be priced on the basis of the Applicable NAV (subject to the prevailing Load, if any) of the subsequent Business Day(s) on which redemptions are being processed.

Under such circumstances, to the extent multiple redemption requests are received at the same time on a single Business Day, redemptions will be made on a prorate basis based on the size of each redemption request, the balance amount being carried forward for redemption to the next Business Day.

**Creation of segregated portfolio**

SEBI has, vide Master circular no. SEBI/HO/IMD/IMD-POD-1/P/CIR/202374 dated May 19, 2023, Chapter 4.4, permitted creation of segregated portfolio of debt and money market instruments by mutual funds schemes, in order to ensure fair treatment to all investors in case of a credit event / actual default of either the interest or principal amount (in case of unrated debt or money market instruments).

The creation of a segregated portfolio is optional and may be created at the discretion of the Board of Directors of ITI Asset Management Limited and ITI Mutual Fund Trustee Private Limited, in case of a credit event at issuer level i.e. downgrade in credit rating by a Credit Rating Agencies (CRA), as under:

a) Downgrade of a debt or money market instrument to 'below investment grade',
b) Subsequent downgrades of the said instruments from 'below investment grade', or
c) Similar such downgrades of a loan rating.

In case of difference in ratings by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as mentioned above and implemented at the ISIN level.

The segregated portfolio of unrated debt or money market instruments shall be created only in case of actual default of either the interest or principal amount.

**Process for Creation of Segregated Portfolio**

The AMC shall decide on creation of segregated portfolio of the Scheme on the day of credit event or actual default of either the interest or principal amount (in case of unrated debt or money market instruments). Once the AMC decides to segregate portfolio, the AMC shall:

(i) seek approval from the Board of Directors of the Trustee, prior to creation of the segregated portfolio.
(ii) immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors of the Scheme. The AMC shall also disclose that the segregation shall be subject to Trustee approval. Additionally, the said press release shall be prominently disclosed on the website of the AMC.
(iii) ensure that till the time the Trustee approval is received, which in no case shall exceed 1 (one) business day from the day of credit event or actual default of either the interest or principal amount (in case of unrated debt or money market instruments), the subscription and redemption in the concerned Scheme shall be suspended for processing with respect to creation of units and payment on redemptions.

Once the Trustee approval is received,

1. The segregated portfolio shall be effective from the day of credit event or actual default of either the interest or principal amount (in case of unrated debt or money market instruments).
2. The AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio of the Scheme. The said information shall also be submitted to SEBI.
3. An e-mail or SMS should be sent to all unit holders of the concerned Scheme.
4. The NAVs of both segregated and main portfolio shall be disclosed from the day of the credit event or

actual default of either the interest or principal amount (in case of unrated debt or money market instruments).

5. All existing investors in the Scheme as on the day of the credit event or actual default of either the interest or principal amount (in case of unrated debt or money market instruments) shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.
6. No redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in the segregated portfolio, the AMC shall enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests.

If the Trustee does not approve the proposal to create a segregated portfolio, the AMC will issue a press release immediately informing investors of the same. Thereafter, the transactions will be processed based on applicable NAV of total portfolio.

**Valuation and processing of subscriptions and redemptions:** Notwithstanding the decision to segregate the debt and money market instrument, the valuation process shall take into account the credit event / actual default of either the interest or principal amount (in case of unrated debt or money market instruments) 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 MF Regulations, 1996 and circular(s) issued thereunder.

All subscription and redemption requests for which NAV of the day of credit event / actual default of either the interest or principal amount (in case of unrated debt or money market instruments) is applicable, will be processed as per the existing SEBI circular on applicability of NAV as under:

1. Upon receipt of Trustee approval to create a segregated portfolio -

• Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
• Investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV.

2. In case the Trustee does not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.

**Expense for Segregated portfolio:** The AMC shall not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in the segregated portfolio. 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.

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. The costs related to segregated portfolio shall in no case be charged to the main portfolio.

**Disclosure requirements:**

- 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 / or actual default of either the interest or principal amount (in case of unrated debt or money market instruments) shall be communicated to the investors within 5 working days of creation of the segregated portfolio.
- 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.
- The Net Asset Value (NAV) of the segregated portfolio shall also be declared on daily basis along with the NAV of the main portfolio.
- The information regarding number of segregated portfolios created in the 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.
- The performance of the Scheme required to be disclosed at various places shall include the impact of creation of segregated portfolio and shall clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event or actual default of either the interest or principal amount (in case of unrated debt or money market instruments) and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the performance table.

- Such information in the scheme related documents and Scheme performance shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/ written-off.

- 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. The AMC/Mutual Fund shall adhere to such other requirements as may be prescribed by SEBI / AMFI in this regard.

**Monitoring by Trustees**

i. The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
ii. Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.
iii. An Action Taken Report (ATR) on the efforts made by the AMC to recover the investments of the segregated portfolio shall be placed in every Trustee meeting till the investments are fully recovered/written-off.
iv. The Trustees will monitor the compliance of the SEBI Circular in respect of creation of segregated portfolio and disclosure in this respect shall be made in Half-Yearly Trustee reports filed with SEBI.

In order to avoid mis-use of segregated portfolio, Trustees shall ensure to have a mechanism in place to negatively impact the performance of Fund Managers, Chief Investment Officers (CIOs), etc. involved in the investment process of securities under the segregated portfolio. The new mechanism shall mirror the existing mechanism for performance incentives of the AMC, including the claw back of such amount to the segregated portfolio of the Scheme.

**Example of Segregation**:

The below table shows how the security affected by a credit event will be segregated and its impact on the investors. Whether the distressed security is held in the original portfolio or the segregated portfolio, the value of the investors' holdings will remain the same on the date of the credit event or actual default of either the interest or principal amount (in case of unrated debt or money market instruments).

**Key assumptions**:

Let us assume a Scheme consists of 3 Securities (A, B and C). It has two investors with total of 10,000 units (Investor 1 with 6,000 units, Investor 2 with 4,000 units).

Total Portfolio Value of Rs. 30 Lakhs (Each Security invested Rs. 10 Lakh).

Current NAV: 30,00,000/10,000 = Rs. 300 Per Unit.

Suppose Security A is downgraded to below investment grade or default of either the interest or principal amount (in case of unrated debt or money market instruments) and consequently the value of the security falls from Rs. 10,00,000 to Rs. 4,00,000 and the AMC decides to segregate the security into a new portfolio, then the Investors will be allotted the same number of units in the segregated portfolio as they hold in the main portfolio. So, Investor 1 will get 6,000 Units and Investor 2 will get 4,000 units in the segregated portfolio.

With Segregation, the Portfolio Value is Rs. 24,00,000 (Now B & C Securities worth Rs. 20 Lakh and Security A has fallen from Rs 10,00,000 to Rs. 4,00,000).

| | Main Portfolio (Security of B & C) | Segregated Portfolio (Security A) |
|---|---|---|
| Net Assets | Rs. 20,00,000 | Rs. 4,00,000 |
| Number of Units | 10,000 | 10,000 |
| NAV per Unit | Rs. 20,00,000/ 10,000 = Rs. 200 | Rs. 4,00,000/ 10,000 = Rs. 40 |

**With respect to Investors**:

| | Investor 1 | Investor 2 |
|---|---|---|
| Units held in Main portfolio (No. of Units) | 6,000 | 4,000 |
| NAV of Main Portfolio | Rs. 200 per Unit | Rs. 200 per unit |
| Value of Holding in Main Portfolio (A) (Rs.) | 12,00,000 | 8,00,000 |
| Units Held in Segregated Portfolio | 6,000 | 4,000 |
| NAV of Segregated Portfolio | Rs. 40 Per unit | Rs. 40 Per unit |
| Value of Holding in Segregated Portfolio (B) (Rs.) | 2,40,000 | 1,60,000 |
| **Total Value of Holdings (A) + (B) (Rs.)** | **14,40,000** | **9,60,000** |

**In case the portfolio is not segregated, the Total Portfolio after marking down the value of security A would be :**

| | | |
|---|---|---|
| Net Assets of the Portfolio Rs. 24,00,000 (Rs. 4,00,000 in Security A and Rs. 10,00,000 in Security B and Rs. 10,00,000 in Security C) | No. of Units 10,000 | NAV per unit Rs. 24,00,000 / 10,000= Rs. 240 |

| **Particulars** | **Investor 1** | **Investor 2** |
|---|---|---|
| Units held in Original portfolio (No. of Units) | 6,000 | 4,000 |
| NAV of Original Portfolio | Rs. 240 Per Unit | Rs. 240 Per Unit |
| **Value of Holding (Rs.)** | **14,40,000** | **9,60,000** |

Investors may note the essential difference between a segregated portfolio and non-segregated portfolio as follows:

i. Where the portfolio is not segregated, the transactions will continue to be processed at NAV based prices. There will be no change in the number of units remaining outstanding.
ii. Where the portfolio is segregated, equal number of units are created and allotted to reflect the holding for the portion of portfolio that is segregated.
iii. Once the portfolio is segregated, the transactions will be processed at NAV based prices of main portfolio
iv. Since the portfolio is segregated for distressed security, the additional units that are allotted cannot be redeemed. The units will be listed on the recognised stock exchange to facilitate exit to unit holders.
v. Upon realisation of proceeds under the distressed security either in part or full, the proceeds will be paid accordingly. Based on the circumstances and developments, the AMC may decide to write off the residual value of the segregated portfolio.

The AMC / Mutual Fund shall adhere to such other requirements as may be prescribed by SEBI / AMFI in this regard.

**Investors are advised to refer to the terms and conditions of the offer before investing in the scheme, and to retain this SID and SAI for future reference.**

### *D.* DEFINITIONS

In this SID, except where the context otherwise requires, the following capitalized words and expressions shall have the following meaning:

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|---|---|
| **Act** | The Income-tax Act, 1961 |
| **AMFI** | Association of Mutual Funds in India |
| **AOP** | Association of Persons. |
| **Application Form** | A form to be used by an investor to open a folio and Purchase Units in the Scheme. Any modifications to the Application Form will be made by way of an addendum issued by the AMC, which will be attached thereto. On issuance of such addendum, the Application Form will be deemed to be updated by the addendum. |
| **ARN** | AMFI Registration Number. |
| **Asset Management Company / AMC** | ITI Asset Management Limited, the asset management company set up under the Companies Act, 2013 and authorized by SEBI to act as the asset management company to the Schemes of ITI Mutual Fund. |
| **Assessee** | A Unit Holder who is (i) an individual; or (ii) a Hindu undivided family; or (iii) an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and Union Territories of Dadra and Nagar Haveli and Daman and Diu by whom, or on whose behalf, investment is made, and as defined under the ELSS. |
| **Board** | Board of Directors |
| **BoI** | Body of Individuals |
| **Business Day** | A day other than (i) Saturday or Sunday and / or (ii) a day on which any of the principal stock exchanges on which the Investments are traded is closed, and / or (iii) a day on which the Reserve Bank of India or banks in Mumbai, India are closed for business, and / or (iv) a day on which the AMC's offices in Mumbai, India are closed for business, and / or (v) a book closure period as may be announced by the Trustee / AMC and / or (vi) a day on which normal business cannot be transacted due to force majeure events including storms, floods, Bandhs, strikes or such other events as the AMC may determine from time to time. The AMC, with the approval of the Trustee of the Scheme, reserves the right to change the definition of Business Day, in accordance with applicable regulations. The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centres. |
| **CAS** | Consolidated Account Statement contain details relating to all Purchases, redemptions, switches, Payout of Income Distribution cum capital withdrawal option, Reinvestment of Income Distribution cum capital withdrawal option, SIPs, SWPs and STPs ("Transactions") carried out by the investor across all schemes of all mutual funds during the month and holding at the end of the month including transaction charges paid to the distributor. |
| **CDSL** | Central Depository Services (India) Limited. |
| **Custodian** | Deutsche Bank AG, registered under the SEBI (Custodian of Securities) Regulations, 1996, or any other custodian who is approved by the Trustee |
| **Cut-off time** | A time prescribed in this SID up to which an investor can submit a Purchase request along with a local cheque or a demand draft payable at the place where the application is received / Redemption, to be entitled to the Applicable NAV for that Business Day. |
| **Debt securities** | Debt and debt related instruments |
| **Demand Draft** | Payment instrument issued by a bank against a customer's request based on the deduction of required amount or deposit of the same by customer. |
| **Depository / Depositories** | As defined in the Depositories Act, 1996 (22 of 1996). |
| **Depository Participant** | A person registered as such under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992. |
| **Designated Collection Centre(s)** | AMC's offices, ISCs and branches of Collection Bank(s) designated by the AMC where |

| | |
|---|---|
| | the applications shall be received. The names and addresses of the Designated Collection Centres are mentioned at the end of this SID |
| **ECS** | Electronic Clearing System. |
| **EFT** | Electronic Fund Transfer |
| **Entry Load** | A Load charged to an investor on Purchase of Units based on the amount of investment or per any other criteria decided by the AMC. As per the current SEBI Regulations, the AMC is prohibited from charging an Entry Load. |
| **Exit Load** | A Load charged to the Unit Holder on exiting (by way of Redemption [or Switch-out) based on period of holding, amount of investment, or any other criteria decided by the AMC. |
| **FATCA** | Foreign Account Tax Compliance Act. |
| **FATF** | Financial Action Task Force. |
| **FCNR account** | Foreign Currency Non Resident account is a non-Rupee (foreign exchange) bank account of non-resident Indians. |
| **Foreign Portfolio Investors / FPI** | An entity registered with SEBI under Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended from time to time. |
| **Fund Manager(s)** | The fund manager(s) of the AMC responsible for managing the Scheme. |
| **Fund of Funds / FoF** | A mutual fund scheme that invests primarily in other schemes of the same mutual fund or other mutual funds. |
| **GoI** | Government of India. |
| **GoI Securities** | Government of India Securities |
| **HUF** | Hindu Undivided Family. |
| **Investment** | Any investments, cash, negotiable instruments, Securities or bullion for the time being and from time to time forming part of the Scheme's assets. |
| **Investment Committee** | Committee set up under Investment and Valuation Guidelines of SEBI (MF) Regulations. |
| **Investor Service Centres / ISCs and Transaction Acceptance Points** | Official points of acceptance of transaction / service requests from investors. These will be designated by the AMC from time to time. |
| **IPO** | Initial Public Offering. |
| **Karta** | Karta is the most senior person in HUF who takes decisions regarding social and economical aspects of the joint family. By way of HUF law, Karta has complete control over the family's welfare, wealth and property. |
| **Key Information Memorandum / KIM** | A memorandum containing the key information of the Scheme, the format of which is prescribed in the SEBI Master circular no. SEBI/HO/IMD/IMD-POD-1/P/CIR/2023/74 dated May 19, 2023, or as further prescribed by SEBI from time to time. |
| **Know-Your-Client / KYC** | A client identification process for which SEBI has prescribed certain requirements relating to KYC norms for mutual funds to know their clients. This would be in the form of verification of identity and address, providing information of financial status, occupation and such other demographic information. |
| **Laws** | The laws of India, the SEBI Regulations and any other applicable regulations for the time being in force in India including guidelines, directions and instructions issued by SEBI, the GoI or RBI from time to time for regulating mutual funds generally or the Mutual Fund particularly. |
| **Loads** | Entry Loads and / or Exit Loads (collectively), if any. |
| **Main Portfolio** | Main Portfolio means the scheme portfolio excluding the segregated portfolio. |
| **MIBOR** | Mumbai Interbank Offer Rate |
| **MFSS / BSE STAR MF Platform** | Mutual fund unit's online transaction platform offered by NSE and BSE respectively. |
| **MICR** | Magnetic Ink Character Recognition Code is a numeric code that uniquely identifies a bank- branch participating in the Electronic Clearing Service credit scheme. |
| **Money Market Instruments** | Money market instruments include commercial papers, commercial bills, treasury bills, GoI Securities having an unexpired maturity up to one year, call or notice money, |

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| | certificates of deposit, usance bills, re-purchase agreements , Tri Party Repo and any other like instruments as specified by the RBI from time to time. |
| **Multiple Banks Accounts** | As per SEBI Regulations, certain category of investors is allowed to provide multiple bank account mandates for credit of redemptions and IDCW proceeds. |
| **Mutual Fund** | ITI Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882 and registered as a Mutual Fund with SEBI bearing SEBI Registration No. MF/073/18/01 dated May 14, 2018. |
| **NAV** | Net asset value of the Units calculated in the manner provided in this SID or as may be prescribed by the SEBI Regulations from time to time. |
| **NEFT** | National Electronic Funds Transfer. |
| **New Fund Offer / NFO** | The offer for purchase of Units of the Scheme (including Plans thereunder) made to the investors during the NFO Period. |
| **New Fund Offer Period / NFO Period** | The date on or the period during which the initial subscription of Units of the Scheme can b made subject to extension, if any, such that the NFO Period does not exceed 15 days. |
| **NRE** | Non-Resident External. |
| **Non Resident Indian / NRI** | A person resident outside India who is a citizen of India or is a Person of Indian Origin as per the meaning assigned to the term under the Foreign Exchange Management (Deposit) Regulations, 2000. |
| **NRO Account** | Non-Resident Ordinary Rupee Account. |
| **NSDL** | The National Securities Depository Limited. |
| **NSE** | National Stock Exchange of India Limited. |
| **Ongoing Offer** | Offer of Units when it becomes open ended after the closure of the NFO Period. |
| **Overseas Corporate Bodies / OCBs** | Firms and societies which are held directly or indirectly but ultimately to the extent of at least 60% by NRIs and trusts in which at least 60% of the beneficial interest is similarly held irrevocably by such persons without the prior approval of the RBI. |
| **Ongoing Offer Period** | The period during which the Ongoing Offer for subscription to the Units is made. |
| **PAN** | Permanent Account Number. |
| **Person of Indian Origin/ PIO** | A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or(b) he, or either of his parents or any of his grandparents, was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or a person referred to in sub-clause (a) or (b). |
| **Politically Exposed Persons / PEPs** | Politically Exposed Persons or PEPs are persons who are or have been entrusted with prominent public functions in a foreign country, Heads of States or of Governments, senior politicians, senior government/ judicial / military officers, senior executives of state-owned corporations, important political party officials, etc. In terms of SEBI Master Circular on Anti Money Laundering (AML and Combating Financing of Terrorism (CFT)-Obligations of Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules Framed there-under, there are additional KYC norms specified for a PEP. It has also been specified that these additional norms shall also be applicable to the accounts of the family members or close relatives of PEPs. |
| **Purchase** | Subscription to / Purchase of Units by an investor of the Scheme. |
| **Purchase Price** | The price (being the Applicable NAV) at which the Units can be purchased and calculated in the manner provided in this SID |
| **QFI** | A person who is a resident in a country that is a member of Financial Action Task Force ("FATF") or a member of a group which is a member of FATF; and resident in a country that is a signatory to the International Organization of Securities Commissions (IOSCO) Multilateral Memorandum of Understanding (Appendix A signatories) or resident in a country that is a signatory to a bilateral Memorandum of Understanding with SEBI: Provided that such person is not resident in India, Provided further that such person is not registered with SEBI as Foreign Institutional Investor or Sub-account. |
| **RBI** | Reserve Bank of India. |

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| **Rs. / Re.** | Indian Rupee(s). |
| **Redemption** | Repurchase of Units by the Mutual Fund from a Unit Holder. |
| **Redemption Price** | The price (being the Applicable NAV minus Exit Load) at which the Units can be redeemed and calculated in the manner provided in this SID. |
| **Registrar and Transfer Agent (RTA)** | KFIN Technologies Limited ("KFIN"), appointed as the Registrar and Transfer Agent for the Scheme, or any other registrar that may be appointed by the AMC |
| **Regulatory Agencies** | SEBI and any other government or regulatory bodies to which the Trustee, the Mutual Fund and / or the AMC (as the case may be) are subject. |
| **Related Person(s)** | A person investing on behalf of a minor in consideration of natural love and affection or as a gift. |
| **RTGS** | Real Time Gross Settlement. |
| **Scheduled Bank** | Banks which have been included in the Second Schedule of RBI Act, 1934. RBI in turn includes only those banks in this schedule which satisfy the criteria laid down vide section 42 (6) (a) of the Act. |
| **Scheme** | ITI Conservative Hybrid Fund |
| **Scheme Information Document / SID** | This document issued by ITI Mutual Fund, for inviting subscription to Units as amended from time to time. Any modifications to the SID will be made by way of an addendum which will be attached to the SID. On issuance of the addendum, the SID will be deemed to be updated by the addendum. |
| **Scheme Plans** | The Scheme offers a choice of two plans: Direct Plan; and Regular Plan |
| **SEBI Act** | The Securities and Exchange Board of India Act, 1992, as amended from time to time. |
| **SEBI Regulations** | Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time, including by way of circulars / notifications issued by SEBI. |
| **Securities** | As defined under Section 2(h) of the Securities Contracts (Regulation) Act, 1956 of India and includes shares, stocks, bonds, debentures, warrants, instruments, obligations, money market instruments, debt instruments or any financial or capital market instrument of whatsoever nature made or issued by any statutory authority or body corporate, incorporated or registered by or under any law; or any other securities, assets or such other investments as may be permissible from time to time under the SEBI Regulations. |
| **Securities and Exchange Board of India / SEBI** | The Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992. |
| **Service Request Form** | Transaction form format to facilitate and capture various service requests by investor. |
| **Segregated Portfolio** | Segregated Portfolio means a portfolio, comprising of debt or money market instrument affected by a credit event that has been segregated in a mutual fund scheme. |
| **Sponsor** | The Investment Trust of India Limited and ITI CreditLimited. |
| **Statement of Additional Information / SAI** | The Statement of Additional Information contains details of the Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (and is legally a part of this SID). |
| **Stock Exchange(s)** | Exchanges where securities are traded. BSE and NSE are two primary stock exchanges in India apart from various regional stock exchanges. Stock exchanges are governed under respective SEBI regulations. |
| **Subscription** | Purchase of Units (or a fraction thereof) by an investor of the Scheme. |
| **Switch-in** | Transaction request for movement of units from one scheme to another scheme. The units are switched into the receiving / new scheme. |
| **Switch-out** | Transaction request for movement of units from one scheme to another scheme. The units are switched out from the existing scheme. |
| **Systematic Investment Plan (SIP)** | A plan enabling investors to invest in the Scheme on a daily / weekly / fortnightly / monthly / quarterly basis by submitting NACH forms / payment instructions. |
| **Systematic Transfer Plan(STP)** | A plan enabling Unit Holders to transfer fixed amounts from their Unit accounts in the Scheme to other schemes launched by the Mutual Fund on a daily / weekly / fortnightly / monthly / quarterly basis by giving a single instruction. |

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| **Systematic Withdrawal Plan (SWP)** | A plan enabling Unit Holders to withdraw amounts from the Scheme on a daily / weekly / fortnightly / monthly / quarterly basis by giving a single instruction |
| **Total Portfolio** | Total Portfolio means the scheme portfolio including the securities affected by the credit event |
| **Third Party Payment** | The payment made through an instrument issued from a bank account other than that of the first named applicant / investor mentioned in the Application Form |
| **Transaction Slip** | A form to be used by Unit Holders seeking additional Purchase or Redemption of Units, change in bank account details, Switch-in or Switch-out and such other facilities offered by the AMC and mentioned on that form. |
| **Trustee** | ITI Mutual Fund Trustee Private Limited, a company set up under the Companies Act 2013, to act as the trustee to the Mutual Fund. |
| **Trust Deed** | The Trust Deed dated April 06, 2017 made by and between the Sponsor and the Trustee, establishing the ITI Mutual Fund, as amended from time to time. |
| **Unit** | The interest of an investor in the Scheme consisting of each Unit representing one undivided share in the assets of the Scheme; and includes any fraction of a Unit which shall represent the corresponding fraction of one undivided share in the assets of the scheme. |
| **Unit Capital** | The aggregate of the face value of the Units. |
| **Unit Holder** | Any registered holder for the time being, of a Unit offered under this SID including persons jointly registered. |
| **US** | United States of America. |
| **USD** | United States Dollar. |
| **Valuation Day** | Business Day. |

Words and expressions used in this SID and not defined

Has the same meaning as in the Trust Deed or the SEBI Regulations or, in the appropriate context, in the SEBI Act.

- Words in singular include the plural and vice-versa.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- A “Crore” means “ten million” and a “Lakh” means a “hundred thousand”.
- References to times of day (i.e. a.m. or p.m.) are to India Standard Time and references to a day are to a calendar day including non- Business Day.

## *E.* DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

**It is confirmed that:**

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

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

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

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

Place: Mumbai
Date: October 30, 2023

*Signed: Sd/-*
Name: **Nisha Sanjeev**
Designation: **Head – Compliance, Secretarial & Legal**

## II. INFORMATION ABOUT THE SCHEME

### A. NAME &TYPE OF THE SCHEME

ITI Conservative Hybrid Fund is an open ended hybrid scheme investing predominantly in debt instruments.

### B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

The Scheme seeks to generate regular income through investments in debt & money market instruments, along with capital appreciation through limited exposure to equity and equity related instruments. However, there can be no assurance that the investment objective of the scheme will be realized.

### C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

Under normal circumstances, the asset allocation pattern will be as follows:

| Instruments | Indicative allocations (% of net assets) | | Risk Profile |
|---|---|---|---|
| | Maximum | Minimum | High/Medium/Low |
| Debt and Money Market Instruments | 90% | 75% | Low to Medium |
| Equity and Equity related instruments | 25% | 10% | High |
| Units issued by REITs & InvITs | 10% | 0% | Medium to High |

Further,

- The Scheme may invest minimum 10% and maximum upto 25% in equity and equity related instruments of companies that are part of Nifty 50 Index.
- The Scheme may use equity and fixed income derivatives to the extent of 50% of the equity and debt component respectively, subject to the guidelines as may be issued by SEBI and RBI from time to time. The Scheme will use derivatives as permitted vide SEBI Circular no. DNPD/Cir 29/2005 dated September 14, 2005 and SEBI Circular No. DNPD/Cir-30/2006 dated January 20, 2006, SEBI circular no. SEBI/ DNPD/Cir-31/2006 dated September 22, 2006, read with SEBI master circular dated May 19, 2023.
- The Scheme may engage in short selling of securities in accordance with the framework relating to Short Selling and securities lending and borrowing specified by SEBI, read along with provisions under SEBI Master circular dated May 19, 2023. The Scheme shall ensure that (a) not more than 20% of net assets is deployed in securities lending and (b) not more than 5% of the net assets is deployed in securities lending to any single intermediary, should it engage in securities lending.
- The Scheme shall invest in repo in Corporate Bond upto 10% of net assets or as permitted by SEBI.
- Pending deployment in terms of the investment objective, funds may be invested in short-term deposits of upto 91 days with scheduled commercial banks in accordance with applicable SEBI guidelines.
- The Scheme will not invest in debt instruments having Structured Obligations / Credit Enhancements or carrying any special features.
- The Scheme doesn’t intend to make investment in securitized debt.
- The Scheme doesn’t intend to make investment in overseas instruments/ ADR/GDR.

The cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), repo transactions in corporate debt securities, units issued by REIT and InvITs, other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time, subject to regulatory approval, if any, should not exceed 100% of the net assets of the scheme.

**Investment in Corporate Debt Market Development Fund**

The Scheme shall invest 25 bps of AUM as on December 31, 2022 in units of Corporate Debt Market Development Fund (‘CDMDF’) within 10 working days from the request of CDMDF. Further, an incremental contribution to CDMDF shall be made every six months within 10 working days from end of half year starting from December 2023 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 from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF. However, in case of winding up of the Scheme, inter-scheme transfers within the same Mutual Fund or across Mutual Funds may be undertaken.

Further, 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.

**Change in Investment Pattern & Portfolio rebalancing**

**Active deviation to asset allocation pattern** - Subject to the Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, applicable regulations, legislative amendments and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the market conditions and perception of the fund manager; the intention being at all times to seek to protect the interests of the Unit holders. In such conditions, the AMC may invest beyond the range mentioned in the asset allocation table. Such deviations shall normally be for short term and defensive considerations as referred under SEBI SEBI Master circular no. SEBI/HO/IMD/IMD-POD-1/P/CIR/2023/74 dated May 19, 2023. In the event of such deviations, the fund manager will carry out rebalancing within 30 calendar days.

**Passive deviation to asset allocation pattern** - SEBI Master circular dated May 19, 2023, Chapter 2.9- 'Timelines for rebalancing of portfolios of mutual fund schemes', in the event of deviation from asset allocation due to passive breaches (occurrence of instances not arising out of omission and commission of the AMC), the fund manager shall rebalance the portfolio of the Scheme within 30 Business Days. In case the portfolio is not rebalanced within the period of 30 Business Days, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before the Investment Committee of the AMC. The Investment Committee, if it so desires, can extend the timeline for rebalancing up to sixty (60) Business Days from the date of completion of mandated rebalancing period.

Further, in case the portfolio is not rebalanced within the aforementioned mandated plus extended timelines, the AMC shall in compliance with the prescribed restrictions of the circular, not launch any scheme till the portfolio is rebalanced and not levy exit load, if any, on the investors existing the scheme. With regard to reporting and disclosure requirements, the AMC will report the deviation to Trustees at each of the stages as explained above. The AMC will disclose to the investor any deviation from mandated asset allocation along with periodic portfolio disclosures from the date of lapse of mandated plus extended timelines. However, incase the AUM of the deviated portfolio is more than 10% of the AUM of the main portfolio, the AMC will immediately disclose the same to the investor through SMS and email including details of portfolio not rebalanced and also intimate once the portfolio gets rebalanced. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.

**Comparison with existing open-ended hybrid schemes of ITI Mutual Fund**

| **Scheme Name** | **Type** | **Investment Objective** | **Differentiation** | **AUM (Rs in crore) as on Sep30, 2023** | **No. of folios as on Sep 30, 2023** |
|---|---|---|---|---|---|
| ITI Arbitrage Fund | An open ended scheme investing in arbitrage opportunities | The investment objective of the Scheme is to generate income by predominantly investing in arbitrage opportunities in the cash and the derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments.<br>However, there is no assurance that the investment objective of the scheme will be realized. | The scheme is to generate capital appreciation and income by predominantly investing in arbitrage opportunities in the cash and derivatives segment of the equity market, and by investing the balance in debt and money market instruments.<br>Asset Allocation under normal circumstances –<br>Equity and Equity related instruments including derivatives - 65% - 100%; Debt instruments (including floating rate debt instruments and securitized debt)* with maturity up to 91 days only – 0% - 35%. | 8.75 | 390 |

| Scheme Name | Type | Investment Objective | Differentiation | AUM (Rs in crore) as on Sep30, 2023 | No. of folios as on Sep 30, 2023 |
|---|---|---|---|---|---|
| ITI Balanced Advantage Fund | An open ended dynamic asset allocation fund | The investment objective of the Scheme is to seek capital appreciation by investing in equity and equity related securities and fixed income instruments. The allocation between equity instruments and fixed income will be managed dynamically so as to provide investors with long term capital appreciation. However, there can be no assurance that the investment objective of the scheme will be realized. | The fund is designed to dynamically change its allocation across equity, cash, debt and derivatives based on the prevailing market conditions.<br><br>Asset Allocation under normal circumstances: Equity and Equity related securities including derivatives – 65% - 100%; Money market instruments (including cash and reverse repo) and debt instruments with residual maturity up to 3 years – 0% - 35%; Units issued by REITs and InvITs - 0% - 10%. | 324.14 | 9,716 |

## D. WHERE WILL THE SCHEME INVEST?

In order to achieve investment objectives, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities:

1) Equity and equity-related Securities including but not limited to derivatives (stock futures/ index futures and other such permitted derivative instruments including options), equity warrants and convertible instruments.
2) Listed Preference shares and convertible preference shares.
3) Debt instruments (both public and private sector) issued by banks / development financial institutions.
4) Money Market instruments as permitted by SEBI and RBI to meet the liquidity requirements.
5) Securities created and issued by the Central and State Governments as may be permitted by RBI, securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills). State Government Securities (popularly known as State Development Loans or SDLs) are issued by the respective State Government in co-ordination with the RBI.
6) Debt instruments issued by Domestic Government Agencies and statutory bodies, which may or may not carry a Central / State Government guarantee.
7) Corporate Bonds of public sector or private sector undertakings.
8) Corporate debt and securities (of both public and private sector undertakings) including Bonds, Debentures, Notes, Strips, etc.
9) Tri-party Repo in Government Securities
10) Debt derivative instruments like Interest Rate Futures (IRFs), Interest Rate Options (including Call and Put options) and Interest Rate Swaps
11) Reverse Repo
12) Repo in Corporate Debt Securities
13) Treasury Bill (T-Bill)
14) Non convertible debentures and bonds
15) Floating rate debt instruments
16) Investments in units of mutual fund schemes
17) Units issued by REITs and InvITs
18) Units of CDMDF*
19) Such other securities as permitted by SEBI

*Investment in CDMDF

a) In accordance with the requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund (CDMDF), the Scheme shall invest 25 bps of its AUM.
b) CDMDF Framework - CDMDF shall comply with the Guarantee Scheme for Corporate Debt (GSCD) as notified by Ministry of Finance vide notification no. G.S.R. 559(E) dated July 26, 2023 and aforesaid SEBI circular dated July 27, 2023 and circulars / guidelines issued by SEBI and AMFI from time to time, which includes the framework for corporate debt market development fund.

The framework is inclusive of following points-

i) The CDMDF during normal times, shall deal only in low duration Government Securities, Treasury bills, Tri-party Repo on G-sec, Guaranteed corporate bond repo with maturity not exceeding 7 days.

ii) The fees and expenses of CDMDF shall be as follows:

– During Normal times: (0.15% + tax) of the Portfolio Value charged on daily pro-rata basis.

– During Market stress: (0.20% + tax) of the Portfolio Value charged on daily pro-rata basis.

("Portfolio Value" means the aggregate amount of portfolio of investments including cash balance without netting off of leverage undertaken by CDMDF).

iii) Corporate debt securities to be bought by CDMDF during market dislocation include listed money market instruments. The long term rating of issuers shall be considered for the money market instruments. However, if there is no long term rating available for the same issuer, then based on credit rating mapping of CRAs between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating.

iv) CDMDF shall follow the Fair Pricing document, while purchase of corporate debt securities during market dislocation as specified in aforesaid SEBI circular and guidelines issued by SEBI and AMFI from time to time.

v) CDMDF shall follow the loss waterfall accounting and guidelines w.r.t. purchase allocation and trade settlement of corporate debt securities bought by CDMDF, as specified in the SEBI circular and further guidelines as issued.

For applicable regulatory investment limits please refer the section on "Investment Restrictions”.

The Fund Manager reserves the right to invest in such other securities as may be permitted from time to time and which are in line with the investment objectives of the Scheme.

Subject to the above, any change in the asset allocation affecting the investment profile of the Scheme shall be effected only in accordance with the provisions of sub regulation (15A) of Regulation 18 of the SEBI Regulations, as detailed later in this document.

## E. WHAT ARE THE INVESTMENT STRATEGIES?

The Scheme seeks to generate regular income through investments in debt & money market instruments, along with capital appreciation through equity and equity related instruments. Within fixed income, the portfolio would be actively managed to optimize returns within the respective asset class.

**Strategy - Debt and Money market instruments**

The Scheme proposes to invest in a diversified portfolio of high quality debt and money market instruments. The fund manager will allocate the assets of the scheme taking into consideration the prevailing interest rate outlook & the liquidity of the different instruments. Such outlook will be developed by in-house assessment of various macro factors like economic growth, inflation, credit pick-up, liquidity and other such factors as considered relevant. Credit portfolio management will be primarily guided by external credit ratings assigned by any of the recognized credit rating agency. Additionally, as may be deemed appropriate, inputs may be taken from financial statement analysis, management review, industry trends, capital structure and covenant analysis to identify securities for inclusion / exclusion from credit portfolios. Efficient portfolio construction will be used to manage interest rate risk across different asset class and duration buckets, and optimise risk-adjusted returns.

**Strategy – Equity**

The Scheme will invest in equity and equity related instruments of companies that are part of Nifty50 Index. The Fund Manager will pick stocks from the Nifty index which are predominantly good companies with market leadership, low leverage and trading at attractive valuations.

**Strategy - Derivatives**

Pursuant to SEBI Circular no. DNPD/Cir 29/2005 dated September 14, 2005 and SEBI Circular No. DNPD/ Cir-30/2006 dated January 20, 2006, SEBI circular no. SEBI/ DNPD/Cir-31/2006 dated September 22, 2006 read with SEBI Master Circular dated May 19, 2023, the scheme intends to use derivatives actively for the purpose of hedging and portfolio balancing as may be permitted under the Regulations from time to time. The same shall be within the permissible limit prescribed by SEBI (Mutual Funds) Regulations, 1996 from time to time.

The Scheme may invest into equity and fixed income derivatives maximum upto 50% of the equity and debt component respectively as per the asset allocation table, subject to the guidelines as may be issued by SEBI and RBI 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.

**Futures**

Futures (Index & Stocks) are forward contracts traded on the exchanges & have been introduced both by BSE and NSE. Generally futures of 1 month (near month), 2 months (next month) and 3 months (far month) are presently traded on these exchanges. These futures expire on the last working Thursday of the respective months.

**Illustration with Index Futures**

In case the Nifty 50 near month future contract is trading at say, Rs. 3,510, and the fund manager has a view that it will depreciate going forward; the Scheme can initiate a sale transaction of Nifty futures at Rs. 3,510 without holding a portfolio of equity stocks or any other underlying long equity position. Once the price falls to Rs. 3,400 after say, 20 days, the Scheme can initiate a square- up transaction by buying the said futures and book a profit of Rs. 110.

Correspondingly, if the fund manager has a positive view he can initiate a long position in the index / stock futures without an underlying cash/ cash equivalent subject to the extant regulations.

There are futures based on stock indices as mentioned above as also futures based on individual stocks. The profitability of index/stock future as compared to an individual security will inter-alia depends upon:

- The carrying cost,
- The interest available on surplus funds, and
- The transaction cost.

Example of a typical future trade and the associated costs

| Particulars | Index Future | Actual Purchase of Stocks |
|---|---|---|
| Index at the beginning of the month | 3500 | 3500 |
| Price of 1 month future | 3510 | |
| A. Execution cost: Carry and other index future costs | 10 | |
| B. Brokerage cost: Assumed at | 7.02 | 8.75 |
| 0.2% of Index Future | | |
| 0.25% for spot Stocks | | |
| C. Gains on surplus fund: (Assumed 8% p.a. return on 85% of the money left after paying 15% margin) (8%*3500*85%*30 days/365) | 19.56 | 0 |
| Total Cost (A+B-C) | -2.54 | 8.75 |

Some strategies that employ stock /index futures and their objectives:

**(a) Arbitrage**

(1) **Selling spot and buying future**: In case the Scheme holds the stock of a company "A" at say Rs. 100 while in the futures market it trades at a discount to the spot price say at Rs. 98, then the Scheme may sell the stock and buy the futures.

On the date of expiry of the stock future, the Scheme may reverse the transactions (i.e. buying at spot & selling futures) and earn a risk-free Rs. 2 (2% absolute) on its holdings without any dilution of the view of the fund manager on the underlying stock.

Further, the Scheme can still benefit from any movement of the price in the upward direction, i.e. if on the date of expiry of the futures, the stock trades at Rs. 110 which would be the price of the futures too, the Scheme will have a benefit of Rs 10 whereby the Scheme gets the 10% upside movement together with the 2% benefit on the arbitrage and thus getting a total return of 12%.The corresponding return in case of holding the stock would have been 10%.

Note: The same strategy can be replicated with a basket of Nifty- 50 stocks (Synthetic Nifty) and the Nifty future index.

(2) Buying spot and selling future: Where the stock of a company "A" is trading in the spot market at Rs. 100 while it trades at Rs. 102 in the futures market, then the Scheme may buy the stock at spot and sell in the futures market thereby earning Rs. 2.

Buying the stock in cash market and selling the futures results into a hedge where the Scheme has locked in a spread and is not affected by the price movement of cash market and futures market. The arbitrage position can be continued till expiry of the future contracts when there is a convergence between the cash market and the futures market. This convergence enables the Scheme to generate the arbitrage return locked in earlier.

- **Buying/ Selling Stock future:**

When the Scheme wants to initiate a long position in a stock whose spot price is at say, Rs.100 and futures is at 98, then the Scheme may just buy the futures contract instead of the spot thereby benefiting from a lower cost.

In case the Scheme has a bearish view on a stock which is trading in the spot market at Rs.98 and the futures market at say Rs. 100, the Scheme may subject to regulations, initiate a short position in the futures contract. In case the prices align with the view and the price depreciates to say Rs. 90, the Scheme can square up the short position thereby earning a profit of Rs.10 vis a vis a fall in stock price of Rs 8.

**(b) Hedging:**

The Scheme may use exchange-traded derivatives to hedge the equity portfolio. Both index and stock futures and options may be used to hedge the stocks in the portfolio.

**(c) Alpha Strategy:**

The Scheme will seek to generate alpha by superior stock selection and removing market risks by selling appropriate index. For example, one can seek to generate positive alpha by buying a bank stock and selling Bank Nifty future.

Execution of these strategies depends upon the ability of the fund manager to identify and execute based on such opportunities. These involve significant uncertainties 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.

**Option Contracts (Stock and Index)**

An Option gives the buyer the right, but not the obligation, to buy (call) or sell (put) a stock at an agreed-upon price during a certain period of time or on a specific date.

Options are used to manage risk or as an investment to generate income. The price at which underlying security is contracted to be purchased or sold is called the Strike Price.

Options that can be exercised on or before the expiration date are called American Options while, Options that can be exercised only on the expiration date are called European Options.

**Options Risk / Return Pay-off Table**

| | Stock / Index Options | Buy Call | Sell Call | Buy Put | Sell Put |
|---|---|---|---|---|---|
| 1 | View on underlying | Positive | Negative | Negative | Positive |
| 2 | Premium | Pay | Receive | Pay | Receive |
| 3 | Risk Potential | Limited to premium paid | Unlimited | Limited to premium paid | Unlimited |
| 4 | Return Potential | Unlimited | Premium Received | Unlimited | Premium Received |

Option contracts are of following two types - Call and Put.

**Call Option:** A call option gives the buyer, the right to buy specified quantity of the underlying asset at the set strike price on or before expiration date and the seller (writer) of call option however, has the obligation to sell the underlying asset if the buyer of the call option decides to exercise the option to buy.

**Put Option:** A put option gives the buyer the right to sell specified quantity of the underlying asset at the set strike price on or before expiration date and the seller (writer) of put option however, has the obligation to buy the underlying asset if the buyer of the put option decides to exercise his option to sell.

**Index Options / Stock Options**

Index options / Stock options are termed to be an efficient way of buying / selling an index/stock compared to buying / selling a portfolio of physical shares representing an index for ease of execution and settlement. The participation can be done by buying
/ selling either Index futures or by buying a call/put option.

The risk are also different when index /stock futures are bought/sold visa- a- vis index/ stocks options as in case of an index future there is a mark to market variation and the risk is much higher as compared to buying an option, where the risk is limited to the extent of premium paid.

The illustration below explains how one can gain using Index call / put option. These same principles of profit / loss in an Index option apply in to that for a stock option.

**Call Option**
Suppose an investor buys a Call option on 1 lot of Nifty 50 (Lot Size: 50 units)
- Nifty index (European option).
- Nifty 1 Lot Size: 50 units
- Spot Price (S): 3500
- Strike Price (x): 3550 (Out-of-Money Call Option)
- Premium: 100

Total Amount paid by the investor as premium [50*100] =Rs. 5,000
There are two possibilities i.e. either the index moves up over the strike price or remains below the strike price.

Case 1- The index goes up
- An investor sells the Nifty Option described above before expiry:

Suppose the Nifty 50 Index moves up to 3600 in the spot market and the premium has moved to Rs 200 and there are 15 days more left for the expiry. The investor decides to reverse his position in the market by selling his 1 Nifty call option as the option now is In the Money.

His gains are as follows:

- Nifty Spot: 3600
- Current Premium: Rs.200
- Premium paid: Rs.100
- Net Gain: Rs.200- Rs.100 = Rs.100 per unit
- Total gain on 1 lot of Nifty (50 units) = Rs.5,000 (50*100)

In this case the premium of Rs.200 has an intrinsic value of Rs.50 per unit and the remaining Rs.150 is the time value of the option.

- An investor exercises the Nifty Option at expiry

Suppose the Nifty index moves up to 3700 in the spot market on the expiry day and the investor decides to reverse his position in the market by exercising the Nifty call option as the option now is in The Money.

His gains are as follows:
- Nifty Spot: 3700
- Premium paid: Rs.100
- Exercise Price: 3550
- Receivable on exercise: 3700-3550 = 150
- Total Gain: Rs.2500 {(150-100)*50}

In this case the realised gain is only the intrinsic value, which is Rs.50, and there is no time value.

**Case 2 - The Nifty index moves to any level below 3550**
Then the investor does not gain anything but on the other hand his loss is limited to the premium paid:

Net Loss is Rs.5000 (Loss is capped to the extent of Premium Paid) (Rs 100 Premium paid*Lot Size: 50 units).

**Put Option**
Suppose an investor buys a Put option on 1 lot of Nifty 50.
- Nifty 1 Lot Size: 50 units
- Spot Price (S): 3,500
- Strike Price (x): 3450 (Out-of-Money Put Option)
- Premium: Rs. 30
- Total Amount paid by the investor as premium [50*30] =Rs. 1,500

There are two possibilities i.e. either the index moves over the strike price or moves below the strike price. Let us analyze these scenarios. Case 1 – The index goes down

- **An investor sells the Nifty Option before expiry:**

Suppose the Nifty 50 index moves down to 3400 in the spot market and the premium has moved to Rs. 80 and there are 15 days more left for the expiry. The investor decides to reverse his position in the market by selling his 1 Nifty Put Option as the option now is in the Money. His gains are as follows:
- Nifty Spot: 3400
- Premium paid: Rs.30
- Net Gain: Rs.80 - Rs.30 = Rs.50 per unit
- Total gain on 1 lot of Nifty (50 units) = Rs.2,500 (50*50)

In this case the premium of Rs.80 has an intrinsic value of Rs.50 per unit and the remaining Rs.30 is the time value of the option.

An investor exercises the Nifty Option at expiry (It is an European Option)

Suppose the Nifty index moves down to 3400 in the spot market on the expiry day and the investor decides to reverse his position in the market by exercising the Nifty Put Option as the option now is in the Money.

His gains are as follows:
- Nifty Spot: 3400
- Premium paid: Rs.30
- Exercise Price: 3450
- Gain on exercise: 3450-3400 = 50
- Total Gain: Rs.1,000 {(50-30)*50}

In this case the realised amount is only the intrinsic value, which is Rs.50, and there is no time value in this case.

Case 2 - If the Nifty 50 Index stays over the strike price which is 3450, in the spot market then the investor does not gain anything but on the other hand his loss is limited to the premium paid.

- Nifty Spot: >3450
- Net Loss Rs.1,500 (Loss is caped to the extent of Premium Paid) (Rs 30 Premium paid*Lot Size: 50 units).

**Covered Call Strategy**

The covered call strategy is a strategy where a fund manager writes call options against an equivalent long position in an underlying stock thereby giving up a part of the upside from the long position. The strategy allows the fund manager to earn premium income from the option writing in addition being able to capture the remaining part of the upside.

Assumptions:

Current price of stock A: Rs. 27.87 per share 1 contract = 100 shares
Total no of contracts: 10 Strike price: Rs. 30/- per share Premium: Rs. 0.35 per share

Suppose, on April 16, 2021, the writer of the call owns 1,000 shares of Company A, which is currently trading at Rs. 27.87 per share. The writer of the call writes 10 call option contracts for company A with a strike price of Rs. 30 per share that expires in July 2021. The writer receives premium of 0.35 per share for the calls, which equals Rs. 35.00 per contract for a total of Rs. 350.00.

Total premium = (Rs. 0.35 per share) * (100 shares per contract) * (10 contracts) = Rs. 350.

The following can be the scenarios reflecting risks and benefits at the end of the option expiry:

Case 1 - Stock falls below current price of Rs. 27.87 per share: The option expires worthless. Hence the loss from the stock position gets reduced to the extent of the premium income.

Case 2 - Stock goes up above current price but remains below Rs. 30 per share (strike price): The option expires worthless. Hence the income from the gains in the stock price gets further boosted to the extent of the premium income.

Case 3 - Stock goes above Rs. 30 per share: Option position goes out of the money for the writer but the losses from the option position are matched by the gains from the underlying stock position above Rs. 30 per share. Hence the return from the position is equal to the return from stock upto the strike price of Rs. 30 per share and the premium income from the option.

**Benefits of using Covered Call Strategy in Mutual Funds:**

The covered call strategy can be followed by the Fund Manager in order to hedge risk thereby resulting in better risk adjusted returns of the Scheme. The strategy offers the following benefits:

a. Hedge against market risk - Since the fund manager sells a call option on a stock already owned by the mutual fund scheme, the downside from fall in the stock price would be lower to the extent of the premium earned from the call option.
b. Generating additional returns in the form of option premium in a range bound market. Thus, a covered call strategy involves gains for unit holders in case the strategy plays out in the right direction.

**Fixed Income Derivative Instruments**

The Scheme may use Derivative instruments like interest rate swaps, forward rate agreements, interest rate futures or such other derivative instruments as may be permitted under the applicable regulations. Fixed income derivatives will be used for the purpose of hedging, and portfolio balancing or such other purpose as may be permitted under the regulations and guidelines from time to time.

The Fund will be allowed to take exposure in interest rate swaps only on a non-leveraged basis. A swap will be undertaken only if there is an underlying asset in the portfolio. In terms of circular no. MFD.BC.191/07.01.279/1999-2000 and MPD.BC.187/07.01.279/ 1999- 2000 dated November 1, 1999 and July 7, 1999 respectively issued by RBI permitting participation by Mutual Funds in interest rate swaps and forward rate agreements, the Scheme will use Derivative instruments for the purpose of hedging and portfolio balancing.

The Scheme may also use derivatives for such purposes as maybe permitted from time to time. Further, the guidelines issued by RBI from time to time for forward rate agreements and interest rate swaps and other derivative products would be adhered to by the Mutual Fund.

IRS and FRAs do also have inherent credit and settlement risks. However, these risks are substantially reduced as they are limited to the interest streams and not the notional principal amounts.

Investments in Derivatives will be in accordance with the extant SEBI Regulations / guidelines. Presently Derivatives shall be used for hedging and / or portfolio balancing purposes, as permitted under the Regulations. The circumstances under which such transactions would be entered into would be when, for example using the IRS route it is possible to generate better returns / meet the objective of the Scheme at a lower cost.

The following information provides a basic idea as to the nature of the Derivative instruments proposed to be used by the Scheme and the benefits and risks attached therewith. Please note that the examples have been given for illustration purposes only.

**Using Overnight Indexed Swaps**

In a rising interest rate scenario, the Scheme may enhance returns for the Investor by hedging the risk on its fixed interest paying assets by entering into an OIS contract where the Scheme agrees to pay a fixed interest rate on a specified notional amount, for a pre determined tenor and receives floating interest rate payments on the same notional amount. The fixed returns from the Scheme assets and the fixed interest payments to be made by the Scheme on account of the OIS transaction offset each other and the Scheme benefits on the floating interest payments that it receives.
The Scheme may enter into an opposite position in case of a falling interest rate scenario, i.e. to hedge the floating rate assets in its portfolio the Scheme enters into an OIS transaction wherein it receives a fixed interest rate on a specified notional amount for a specified time period and pays a floating interest rate on the same notional amount. The floating interest payments that the Scheme receives on its floating rate securities and the floating interest payments that the Scheme has to pay on account of the OIS transaction offset each other and the Scheme benefits on the fixed interest payments that it receives in such a scenario.

**Illustration:**

Assume that the Scheme has a Rs. 25 crore floating rate investment linked to MIBOR (Mumbai Inter Bank Offered Rate). Hence, the Scheme is currently running an interest rate risk and stands to lose if the interest rate moves down. To hedge this interest rate risk, the Scheme can enter into a 6 month MIBOR swap. Through this swap, the Scheme will receive a fixed predetermined rate (assume 7.75%) and pays the “benchmark rate” (MIBOR), which is fixed by the NSE or any other agency such as Reuters. This swap would effectively lock-in the rate of 7.75% for the next 6 months, eliminating the daily interest rate risk.

This transaction is usually routed through an intermediary who runs a book and matches deals between various counter parties. The steps will be as follows:

Assuming the swap is for Rs. 25 Crores for April 01, 2021 to September 30, 2021. The Scheme is a fixed rate receiver at 7.75% and the counterparty is a floating rate receiver at the overnight rate on a compounded basis (say NSE MIBOR).

On April 01, 2021, the Scheme and the counterparty will exchange only a contract of having entered this swap. This documentation would be as per International Swap Dealers Association (ISDA) norms.

On a daily basis, the benchmark rate fixed by NSE will be tracked by them. On September 30, 2021, they will calculate the following:

- The Scheme - fixed rate receiver is entitled to receive interest on Rs. 25 Crores at 7.75% for 181 days i.e. Rs. 96.08 lakhs, (this amount is known at the time the swap was concluded) and will pay the compounded benchmark rate.
- The counterparty is entitled to receive daily compounded MIBOR for 181 days & pay 7.75% fixed.
- On September 30, 2021, if the total interest on the daily overnight compounded benchmark rate is higher than Rs. 96.08 lakhs, the Scheme will pay the difference to the counterparty. If the daily compounded benchmark rate is lower, then the counterparty will pay the Scheme the difference.

The above example illustrates the use of Derivatives for hedging and optimizing the investment portfolio. Swaps have their own drawbacks like credit risk, settlement risk. However, these risks are substantially reduced as the amount involved is interest streams and not principal.

## Forward Rate Agreement

A Forward Rate Agreement is an agreement to pay or receive the difference between the agreed fixed rate and actual interest prevailing at a stipulated future date. The interest rate is fixed now for a future agreed period wherein only the interest is settled between the counter parties.

**Illustration:**

Assume that on April 30, 2021, the 30 day Commercial Paper (CP) rate is 8.50% and the Scheme has an investment in a CP of face value Rs. 50 Crores, which is going to mature on May 31, 2021. If the interest rates are likely to remain stable or decline after May 31, 2021, and if the fund manager, who wants to re-deploy the maturity proceeds for 1 more month does not want to take the risk of interest rates going down, he can then enter into a following Forward Rate Agreement (FRA) say as on April 30, 2021:

He can receive 1 X 2 FRA on April 30, 2021, at 8.50% (FRA rate for 1 months lending in 1 months time) on the notional amount of Rs. 50 Crores, with a reference rate of 30 day CP benchmark. If the CP benchmark on the settlement date i.e. May 31, 2021, falls to 8.25%, then the Scheme receives the difference 8.50 – 8.25 i.e. 25 basis points on the notional amount Rs. 50 Crores.

## Interest Rate Futures

An Interest Rate Futures (IRF) contract is an agreement to buy or sell a debt instrument at a specified date at a price that is fixed today. Assume that the Scheme holds a GOI security and the fund manager has a view that the yields will go up in the near future leading to decrease in value of the investment and subsequent decrease in Net Asset Value (NAV) of the fund. In this case the fund manager may use Interest Rate Futures to mitigate the risk of decline of Net Asset Value (NAV) of the fund. The illustration given below will demonstrate the use of IRF.

**Illustration:**

Assume that as on April 30, 2021, the Scheme holds a benchmark 10 year paper trading at Rs. 98.35 at a yield of 8.05% and the May 2021 futures contract on the 10 year notional 7% coupon bearing Government Paper is trading at Rs 92.10 at a yield of 8.17%. The fund manager decides to hedge the exposure by taking a short position in the September 2020 IRF contract.

On May 24, 2021 the yield of the benchmark 10 year paper has increased to 8.10% and the price has decreased to Rs 95.00 and the May 2021 futures contract on the 10 year notional 7% coupon bearing Government Paper is trading at Rs 91.50 at a yield of 8.25%. The fund manager unwinds the short position by buying the May 2021 futures contract. The transaction results in profit from the futures position, against the corresponding loss from the long Government of India security position.

## Imperfect hedging using IRFs

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

a. Exposure to IRFs is created only for hedging the interest rate risk based on the weighted average modified duration of the bond portfolio or part of the portfolio.
b. The correlation between the portfolio or part of the portfolio (excluding the hedged portions, if any) and the IRF needs to be at least 0.9 (calculated on 90 day basis). In case the correlation criterion falls below 0.9, the same needs to be rebalanced within 5 working days, else the derivative positions created would be included in gross exposure, and which could lead to gross exposure in excess of 100% of net asset value.

## Illustration of imperfect hedging using IRFs

e.g. Portfolio ABC has a market value of INR 1000 crore and a modified duration of 5. This is being hedged with an IRF which has a modified duration of 10 and a futures price of 101.

Since imperfect hedging can be maximum 20% of the portfolio, the maximum extent of short position that may be taken in IRFs is as below:

$$\frac{\text{(Portfolio Modified Duration * Market Value of the Portfolio)}}{\text{(Futures Modified Duration * Futures Price / PAR)}}$$

Consider that we choose to hedge 20% of portfolio, as below:

$$\frac{(5 * (0.2 * 1000))}{(10 * 101 / 100)}$$

Therefore, the scheme can sell IRFs worth INR 99 Crores and with duration of 10 to hedge INR 200 crore of portfolio with a duration of 5.

Certain risks are inherent to Derivative strategies viz. lack of opportunities, inability of Derivatives to correlate perfectly with the underlying and execution risks, whereby the rate seen on the screen may not be the rate at which the transaction is executed. For details of risk factors relating to use of Derivatives and its strategies, the investors are advised to refer to Scheme Specific Risk Factors given under Chapter 1 of this document.

**Debt and Money Markets in India**

The Indian debt market is today one of the largest in Asia and includes securities issued by the Government (Central & State Governments), public sector undertakings, other government bodies, financial institutions, banks and corporates. Government and public sector enterprises are the predominant borrowers in the markets. Securities in the debt market typically vary based on their tenure and rating. The major players in the Indian debt markets today are banks, financial institutions, mutual funds, insurance companies, primary dealers, trusts, pension funds and corporates. The Indian debt market is the largest segment of the Indian financial markets. The debt market comprises broadly two segments, viz. Government Securities market or G-Sec market and corporate debt market. The latter is further classified as market for PSU bonds and private sector bonds.

The Government Securities market is the oldest and the largest component of the Indian debt market in terms of market capitalization, outstanding securities and trading volumes. The G-Sec market plays a vital role in the Indian economy as it provides the benchmark for determining the level of interest rates in the country through the yields on the Government Securities which are referred to as the risk-free rate of return in any economy. Over the years, there have been new products introduced by the RBI like zero coupon bonds, floating rate bonds, inflation indexed bonds, etc. The corporate bond market, in the sense of private corporate sector raising debt through public issuance in capital market, is only an insignificant part of the Indian Debt Market. A large part of the issuance in the non- Government debt market is currently on private placement basis.

The money markets in India essentially consist of the call money market (i.e. market for overnight and term money between banks and institutions), reverse repo transactions (temporary buy with an agreement to sell the securities at a future date at a specified price), commercial papers (CPs, short term unsecured promissory notes, generally issued by corporates), certificate of deposits (CDs, issued by banks) and Treasury Bills (issued by RBI) and similar securities. In a predominantly institutional market, the key money market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and corporates. In money market, activity levels of the Government and non government debt vary from time to time.

Apart from these, there are some other options available for short tenure investments that include MIBOR linked debentures with periodic exit options and other such instruments. PSU / DFI / Corporate paper with a residual maturity of less than 1 year are actively traded and offer a viable investment option.

Following table exhibits various debt instruments along with current yields as on September30, 2023

| **Instrument** | **Yield Range** |
|---|---|
| | **(% per annum)** |
| Tri – Party Repo | 6.65 – 6.80 |
| Repo | 6.65 - 6.80 |
| 91 days T-Bill | 6.75 - 6.85 |
| 364 days T-Bill | 6.95 - 7.10 |
| 1 month CD/CP | 7.15 - 7.45 |
| 3-month CD/CP | 7.00 - 7.45 |
| 6-month CD/CP | 7.15– 7.75 |
| 1 year CD/CP | 7.45-7.85 |
| 1-year Corporate Bond - AAA Rated | 7.50 - 7.65 |
| 3-year Corporate Bond - AAA Rated | 7.70 -7.85 |
| 5-year Corporate Bond - AAA Rated | 7.60 -7.75 |
| 5-year G-sec | 7.15 - 7.25 |
| 10-year G-sec | 7.15 -7.30 |

*(Source: Bloomberg, NDS OM and CCIL)*

These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro-economic conditions and RBI policy. The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate, overall liquidity position, foreign exchange scenario etc. Also, the price and yield vary according to maturity profile, credit risk etc.

**Portfolio Turnover:**

The Scheme being an open-ended scheme, it is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio.

There may be an increase in transaction cost such as brokerage paid, if trading is done frequently. However, the cost would be negligible as compared to the total expenses of the Scheme. Frequent trading may increase the profits which will offset the increase in costs. The fund manager will endeavor to optimize portfolio turnover to maximize gains and minimize risks keeping in mind the cost associated with it. However, it is difficult to estimate with reasonable accuracy, the likely turnover in the portfolio of the Scheme. The Scheme has no specific target relating to portfolio turnover.

## F: FUNDAMENTAL ATTRIBUTES

Following are the Fundamental Attributes of the Scheme, in terms of Regulation 18(15A) of the SEBI (MF) Regulations:

**(i) Type of a Scheme**

An Open ended hybrid scheme investing predominantly in debt instruments.

**(ii) Investment Objective**

- The main investment objective is defined in Section II of this SID.
- The investment pattern is as set out in Section II, Paragraph C of this SID with the option to alter the asset allocation for a short term period on defensive considerations.

**(iii) Terms of Issue**

- Liquidity provisions such as listing, repurchase, redemption

  The Units of the Scheme are not proposed to be listed on any stock exchange. However, the Trustee reserves the right to list the Units as and when this Scheme is permitted to be listed under the Regulations and the Trustee considers it necessary in the interest of Unit holders of the Fund.

  The Scheme offers Units for subscription and redemption at NAV based prices on all Business Days on an ongoing basis, commencing not later than five business days from the date of allotment. Under normal circumstances, the AMC shall dispatch the Redemption proceeds within 3 Business Days from date of receipt of request from the Unit holder.

- Aggregate fees and expenses charged to the scheme

  The aggregate fees and expenses charged to the Scheme will be in line with the limits defined in the SEBI (MF) Regulations as amended from time to time. The aggregate fee and expenses to be charged to the Scheme is detailed in Section IV of this document.

- Any safety net or guarantee provided

  The Scheme does not provide any safety net or guarantee nor does it provide any assurance regarding the realization of the investment objective of the scheme or in respect of declaration of IDCW.

**Changes in Fundamental Attributes**

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustee shall ensure that no change in the fundamental attributes of the Scheme or the trust or fee and expenses payable or any other change which would modify the Scheme and affect the interests of Unitholders is carried out the by the AMC unless it complies with regulation 25(26) of the regulations:

- An application has been made with SEBI and views/comments of SEBI are sought on the proposal for fundamental attribute changes
- An addendum to the existing SID shall be issued and displayed on AMC website immediately.
- SID shall be revised and updated immediately after completion of duration of the exit option (not less than 30 days from the notice date).
- A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated
- The Unitholders are given an option for a period of atleast 30 calendar days to exit at the prevailing Net Asset Value without any exit load.

However, changes / modifications to the Scheme made in order to comply with any subsequent change in Regulations or circulars issued by SEBI will not constitute change in fundamental attributes.

**G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?**

The performance of the Scheme will be benchmarked with Nifty 50 Hybrid Composite Debt 15:85 Index, the primary benchmark of the scheme. This will the 1$^{st}$-tier benchmark.

**Justification for use of benchmark**

The Scheme performance would be benchmarked against NIFTY50 Hybrid Composite Debt 15:85 Index.

NIFTY50 Hybrid Composite Debt 15:85 Index tracks the performance of a debt-oriented hybrid portfolio having a blend of the Nifty 50 TRI Index (15%) and NIFTY Composite Debt index (85%). As such its asset allocation comes closest to the Scheme's asset allocation and is the most appropriate benchmark available for the scheme.

**H. WHO MANAGES THE SCHEME?**

The fund will be managed by Mr. Vikrant Mehta, Mr. Alok Ranjan and Mr. Rohan Korde.

| Name of the Fund Manager | Age / Qualification | Experience of the Fund Manager in the last 10 years | Other Schemes managed by the Fund Manager |
|---|---|---|---|
| **Mr. Vikrant Mehta** | **Age :** 51 years<br><br>**Qualification :** M.S. (Engineering) and CFA (ICFAI) | He joined ITI Asset Management Limited in January 2021 and brings with him more than 25 years of extensive experience in Fixed Income Markets.<br><br>His last assignment was at Indiabulls Asset Management Co. Limited where he was designated as the Head - Fixed Income and successfully managed various fixed income products. Prior to this role, he has spent more than a decade at PineBridge Investments where he was the Head of Fixed Income and subsequently was the Asia sovereign analyst for PineBridge. Apart from this, he has held executive positions in organisations like NVS Brokerage Private Ltd and JM Morgan Stanley Fixed Income Securities Pvt. Ltd.<br><br>He holds a master's degree in engineering from Kiev Polytechnical Institute, Ukraine and he is also a Chartered Financial Analyst (CFA) from ICFAI. | Co-Fund Manager of ITI Large Cap Fund, ITI Small Cap Fund, ITI Multi Cap Fund, ITI Value Fund, ITI Pharma and Healthcare Fund, ITI Conservative Hybrid Fund, ITI Flexi Cap Fund, ITI Mid Cap Fund, and ITI Focused Equity Fund. |

| | | | |
|---|---|---|---|
| Mr. Alok Ranjan | **Age**: 52 years<br><br>**Qualification:** B.Sc. (Hons.) Physics, MBA (Finance) | Mr. Alok joined ITI AMC in September 2023 and has over 25 years of work experience in fund management, portfolio management and equity research.<br><br>**Past experience-** Prior to joining ITIAMC, he was associated with IDBI Asset Management Company Limited from August 2021 to September 2023 and his primary responsibility included fund management activities. He was also associated with Shriram Asset Management Company Limited from July 2020 to January 2021. Prior to that, he worked with Way2 Wealth Brokers Private Limited from August 2007 to July 2020. | Co-Fund Manager of ITI Large Cap and ITI Arbitrage Fund |
| Mr. Rohan Korde | **Age:** 43<br>**Qualification:** Masters in Management Studies (Finance), Bachelor of Commerce | Mr. Korde joined ITI in June 2019 and has over 17 years of work experience in capital markets. His focus has been on fundamental research on investment ideas across various sectors and industries.<br><br>Past Experience: September 2017 – May 2019 with BOB Capital Markets as Vice President Research; February 2015 – August 2017 with Prabhudas Lilladher as Vice President Research; February 2009 – February 2015 with Anand Rathi Share & Stock Brokers as Vice President Research. | Co-Fund Manager of ITI Large Cap Fund, ITI Small Cap Fund, ITI Multi Cap Fund, ITI Value Fund, ITI Pharma and Healthcare Fund, ITI Conservative Hybrid Fund, ITI Banking and Financial Services Fund, ITI Flexi Cap Fund, ITI Mid Cap Fund and Focused Equity Fund. |

## I. WHAT ARE THE INVESTMENT RESTRICTIONS?

The investment policies of the scheme will comply with the rules, regulations and guidelines laid out in SEBI (Mutual Funds) Regulations, 1996. As per the Regulations, specifically the Seventh Schedule, the following investment limitations are applicable to scheme of Mutual Funds:

1. The Scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the SEBI Act, 1992.

2. A mutual fund scheme shall not invest more than:

a. 10% of its NAV in debt and money market securities rated AAA; or
b. 8% of its NAV in debt and money market securities rated AA; or
c. 6% of its NAV in debt and money market securities rated A and below.
Such investment limit may be extended by 2% of NAV with the prior approval of the Board of Trustees and the Board of directors of the AMC, subject to overall limit being within 12%.

Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and TREPS. Provided further that investment within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with SEBI.

3. The Mutual Fund under all its schemes shall not own more than 10% of any company's paid up capital carrying voting rights. Provided, no sponsor of the mutual fund, its associate or group company including the asset management company of the fund, through the schemes of the mutual fund or otherwise, individually or collectively, directly or indirectly, have

a.10% or more of the shareholding or voting rights in the asset management company or the trustee company of any other mutual fund;
b. representation on the board of the asset management company or the trustee company of any other mutual fund.

4. The Scheme shall buy and sell Securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant Securities and in case of sale deliver the securities.

Provided that a mutual fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the Board, read along with provisions under SEBI circular No. MFD/CIR/01/047/99 dated February 10, 1999 and SEBI/IMD/CIR.No.14/187175/2009 dated December 15, 2009. The Scheme shall ensure that (a) not more than 20% of net assets is deployed in securities lending and (b) not more than 5% of the net assets is deployed in securities lending to any single counter party, should it engage in securities lending.

Provided that the Fund may enter into derivatives transactions on a recognised stock exchange subject to such guidelines as may be specified by SEBI. Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

5. The Scheme shall not invest more than 10% of its NAV in the equity shares or equity-related instruments of any company. For the purpose of determining the above limit, a combination of positions of the underlying securities and stock derivatives, will be considered.

6. All investments by the scheme in equity shares and equity related instruments shall only be made provided such securities are listed or to be listed.

7. The Scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non- money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the SEBI Act, 1992. Such investment limit may be extended to 12% of the NAV of the Scheme with the prior approval of the Board of Trustee and the Board of directors of the AMC.

Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and TREPS. Provided further that investment within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with SEBI.

8. The Scheme shall not invest in unlisted debt instruments including commercial papers, except Government Securities, and other money market instruments and derivative products such as Interest Rate Swaps, Interest Rate Futures, etc. which are used by mutual fund for hedging :

However, mutual fund schemes may invest in unlisted Non-Convertible Debentures (NCDs) not exceeding 10% of the debt portfolio of the scheme subject to the condition that such unlisted NCDs have a simple structure (i.e. with fixed and uniform coupon, fixed maturity period, without any options, fully paid up upfront, without any credit enhancements or structured obligations) and are rated and secured with coupon payment frequency on monthly basis.

Provided further that the Scheme shall comply with the norms under this clause within the time and in the manner as may be specified by the Board.

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

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

b. Exposure of mutual fund schemes in such instruments shall not exceed 5% of the net assets of the schemes.
c. All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.

10. The total debt exposure of the Scheme in a particular sector (excluding investments in Bank CDs, CBLO, G-Secs, T-Bills, short term deposits of scheduled commercial banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the Scheme. For the purposes of the sector exposure limit, AMFI sector classification of issuers would be considered.

Provided that the Scheme may have an additional exposure to financial services sector (over and above the limit of 20%) not exceeding 10% of the net assets of the Scheme by way of increase in exposure to Housing Finance Companies (HFCs). Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB) and the total investment/ exposure in HFCs shall not exceed 20% of the net

assets of the Scheme. Further, the scheme may have an additional exposure of 5% of the net assets of the scheme for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio.

11. The total debt exposure of the Scheme in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the Scheme. Such investment limit may be extended to 25% of the net assets of the Scheme with the prior approval of the Board of Trustees. Further, the investment in debt and money market instruments of group companies of both the sponsor and the asset management company shall not exceed 10% of the net assets of the scheme. Such investment limit may be extended to 15% of the net assets of the scheme with the prior approval of the Board of Trustees.

For this purpose, a group means a group as defined under regulation 2 (mm) of SEBI (Mutual Funds) Regulations, 1996 and shall include an entity, its subsidiaries, fellow subsidiaries, its holding company and its associates.

12. The scheme shall not make any investment in:
   i) Any unlisted security of an associate or group company of the sponsors; or
   ii) Any security issued by way of private placement by an associate or group company of the sponsors; or
   iii) The listed securities of group companies of the sponsors which is in excess of 25% of the net assets of the Scheme.

13. 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.

Further, the inter scheme transfer of securities would be done either for meeting liquidity requirements in a scheme in case of unanticipated redemption pressure or to facilitate duration, issuer, sector or group rebalancing as referred with SEBI Master circular dated May 19, 2023, Chapter 9.11-‘Inter scheme transfers’.

14. The Scheme may invest in other schemes of the Mutual Fund or any other mutual fund without charging any fees, provided the aggregate inter-scheme investment made by all the schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the Net Asset Value of the Mutual Fund.

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

16. Save as otherwise expressly provided under the Regulations, the Scheme shall not advance any loans for any purpose.

17. The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase/redemption of Units or payment of interest and/or IDCW to the Unit holder and such borrowing shall not more than 20% of the net assets of the Scheme and the duration of the borrowing shall not exceed a period of 6 months.

18. The Scheme shall not make any investment in any fund of funds scheme.

19. Pending deployment of the funds of the Scheme in securities in terms of the investment objective of the Scheme, the Mutual Fund may park the funds of the Scheme in short term deposits upto 91 days into scheduled commercial banks, subject to the following guidelines issued by SEBI vide its Master circular dated May 19, 2023, Chapter 12.16 – ‘Investment in short term deposits’ as may be amended from time to time:

(i) “Short Term” for such parking of funds by the Scheme shall be treated as a period not exceeding 91 days. Such short- term deposits shall be held in the name of the Scheme.
(ii) The Scheme shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustee.
(iii) Parking of funds in short term deposits of associate and sponsors scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
(iv) The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
(v) The Scheme shall not park funds in short term deposit of a bank which has invested in that Scheme. Further, the Trustees/AMC shall also ensure that the bank in which a scheme has short term deposit do not invest in the said scheme, until the scheme has short term deposit with such bank.
(vi) The above norms do not apply to term deposits placed as margins for trading in cash and derivatives market.
(vii) The AMC shall not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks.

20. The Scheme shall not invest :

• more than 10% of its net assets in the units of REIT and InvIT; and
• more than 5% of its net assets in the units of REIT and InvIT issued by a single issuer.

21. The Mutual Fund under all its schemes shall not own more than 10% of the units issued by a single issuer of REIT and InvIT.

22. The Scheme shall participate in Repo in corporate debt securities in accordance with SEBI Circular CIR / IMD / DF/19 /2011 dated November 11, 2011 and such other directions issued by RBI and SEBI from time to time.

(i) The Gross exposure of the scheme to repo transactions in corporate debt securities shall not be more than 10% of the net asset of the scheme.
(ii) The cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), repo transactions in corporate debt securities, units issued by REIT and InvITs, other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time, subject to regulatory approval, if any, should not exceed 100% of the net assets of the scheme.
(iii) The Scheme shall participate in repo transactions only in AA and above rated corporate debt securities.
(iv) In terms of Regulation 44 (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the Scheme shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.
(v) The Scheme shall ensure compliance with the Seventh Schedule of the Mutual Funds Regulations about restrictions on investments, wherever applicable, with respect to repo transactions in corporate debt securities.
(vi) The scheme shall participate Repo in corporate debt securities in accordance with directions issued by RBI and SEBI from time to time and in accordance with the Policy framed by the Board of Directors of ITI Asset Management Limited and ITI Mutual Fund Trustee Private Limited in this regard.

23. **Limitations and restrictions for investments in derivative instruments**

SEBI has vide its circular DNPD/Cir-29/2005 dated September 14, 2005 inter alia specified the guidelines pertaining to trading by Mutual Funds in Exchange Traded derivatives. The position limits have subsequently been modified vide circulars inter alia including circular no. DNPD/Cir-30/2006 dated January 20, 2006 and circular no. SEBI/DNPD/Cir-31/2006 dated September 22, 2006 and circular no. SEBI/HO/MRD/DP/ CIR/P/ 2016/143 dated December 27, 2016.

All derivative position taken in the portfolio would be guided by the following principles.

**i. Position limit for the Mutual Fund in index options contracts**

a. 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 of the market in index options, whichever is higher, per Stock Exchange.
b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

**ii. Position limit for the Mutual Fund in index futures contracts**

a. 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 of the market in index futures, whichever is higher, per Stock Exchange.
b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

**iii. Additional position limit for hedging**

In addition to the position limits at point (i) and (ii) above, the Mutual Fund may take exposure in equity index derivatives subject to the followi limits:

a. 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.
b. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

**iv. Position limit for Mutual Fund for stock based derivative contracts**
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 for stock based derivative contracts**

The scheme-wise position limit / disclosure requirements shall be –

a. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of:

   1% of the free float market capitalisation (in terms of number of shares) or 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

b. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.

c. 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.

**Exposure limits for the Scheme:**

In accordance with SEBI Master circular dated May 19, 2023, Chapter 12,24 – 'Cumulative Gross Exposure limits' and 12.25 – 'Norms for investment and disclosure by Mutual Funds in derivatives', the following exposure limits for investment in derivatives will be applicable to the Scheme:

I. The cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), repo transactions in corporate debt securities, units issued by REIT and InvITs, other permitted securities/assets and such other securities/assets as may be permitted by SEBI from time to time, subject to regulatory approval, if any, should not exceed 100% of the net assets of the scheme. However, cash or cash equivalents with residual maturity of less than 91 days shall be treated as not creating any exposure.

II. The Scheme shall not write options or purchase instruments with embedded written options except call options under a covered call strategy as specified in SEBI circular dated January 16, 2019 as amended from time to time.

III. The total exposure related to option premium paid shall not exceed 20% of the net assets of the Scheme.

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

   a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
   b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions have to be added and treated under limits mentioned in point 1 above.
   c. Any derivative instrument used to hedge shall have the same underlying security as the existing position being hedged.
   d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.

V. The Scheme may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions shall have to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases shall not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions shall not exceed 10% of the net assets of the scheme.

VI. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated as exposure for the limit mentioned in point 1 above.

VII. Definition of Exposure in case of Derivative Positions:

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

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

18. The Scheme may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:

(i) The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme.
(ii) The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.
(iii) At all points of time the Mutual Fund scheme shall comply with the provisions at paragraph (i) and (ii) above. In case of any passive breach of the requirement at paragraph (i), the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme.
(iv) In case the Scheme needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with paragraphs (i) and (ii) above while selling the securities.
(v) In no case, the scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts.
(vi) The premium received shall be within the requirements prescribed in terms of paragraph 5 of SEBI circular dated August 18, 2010 i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the Scheme.

The exposure on account of the call option written under the covered call strategy shall not be considered as exposure in terms of paragraph 3 of SEBI Circular no. Cir/IMD/DF/11/2010 dated August 18, 2010 read with subsequent circulars issued by SEBI.

19. The Mutual Fund may hedge the portfolio or part of the portfolio (including one or more securities) on weighted average

modified duration basis by using Interest Rate Futures (IRFs). The maximum extent of short position that may be taken in IRFs to hedge interest rate risk of the portfolio or part of the portfolio, is as per the formula given below:

<u>(Portfolio Modified Duration*Market Value of the Portfolio)/</u> (Futures Modified Duration*Futures Price/ PAR)
In case the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged, it would result in imperfect hedging. Imperfect hedging using IRFs may be considered to be exempted from the gross exposure, upto maximum of 20% of the net assets of the Scheme, subject to the following:

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

b) Mutual Funds are permitted to resort to imperfect hedging, without it being considered under the gross exposure limits, if and only if, the correlation between the portfolio or part of the portfolio (excluding the hedged positions, if any) and the IRF is at least 0.9 at the time of initiation of hedge. In case of any subsequent deviation from the correlation criteria, the same may be rebalanced within 5 working days and if not rebalanced within the timeline, the derivative positions created for hedging shall be considered under the gross exposure computed as above. The correlation should be calculated for a period of last 90 days.
Explanation: If the fund manager intends to do imperfect hedging upto 15% of the portfolio using IRFs on weighted average modified duration basis, either of the following conditions need to be complied with:

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

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

d) The portion of imperfect hedging in excess of 20% of the net assets of the Scheme should be considered as creating exposure and shall be included in the computation of gross exposure

The basic characteristics of the Scheme should not be affected by hedging the portfolio or part of the portfolio (including one or more securities) baseed on the weighted average modified duration. Explanation: In case of long term bond fund, after hedging the portfolio based on the modified duration of the portfolio, the net modified duration should not be less than the minimum modified duration of the portfolio as required to consider the fund as a long term bond fund.

The interest rate hedging of the portfolio would be done in the interest of investors.

All investments by the Scheme will be made in accordance with the Investment Objective and Investment Pattern described earlier. The Trustee may alter the above restrictions from time to time to the extent that changes in the Regulations may allow and as deemed fit in the general interest of the Unit Holders and subject to approval of SEBI, as may be required.

The Scheme will comply with the other Regulations applicable to the investments of Mutual Funds from time to time. Apart from the Investment Restrictions prescribed under the Regulations, internal risk parameters for limiting exposure to a particular scrip or sector may be prescribed from time to time to respond to the dynamic market conditions and market opportunities.

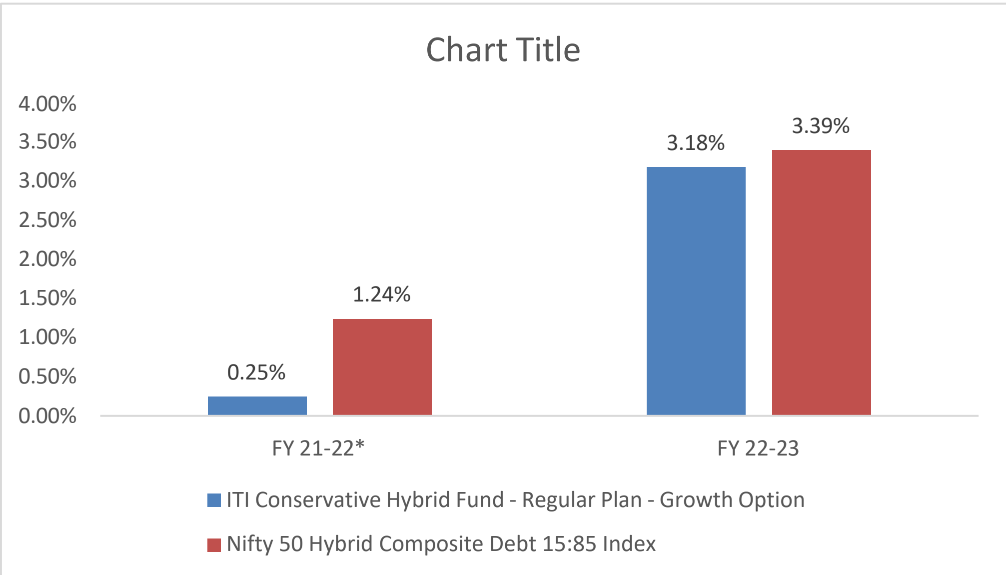
All the investment restrictions will be applicable at the time of making investments. Changes do not have to be effected merely because of appreciations or depreciations in value of the investments, or by reason of receipt of any rights, bonuses or benefits in the nature of capital or of any schemes of arrangement or of amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Fund resulting in any of the above limits getting breached. However, the AMC shall take appropriate corrective action as soon as possible taking into account the interests of the Unit holders.

## J. HOW HAS THE SCHEME PERFORMED?

**Performance of ITI Conservative Hybrid Fund – Regular Plan - Growth Option as at September 30, 2023 is as follows:**

| Period | ITI Conservative Hybrid Fund – Regular Plan - Growth Option | Nifty 50 Hybrid Composite Debt 15:85 Index |
|---|---|---|
| 1 year return | 6.68% | 8.89% |
| 3 year returns | NA | NA |
| 5 year returns | NA | NA |
| Returns Since Inception (11-Mar-2022) | 5.06% | 6.46% |

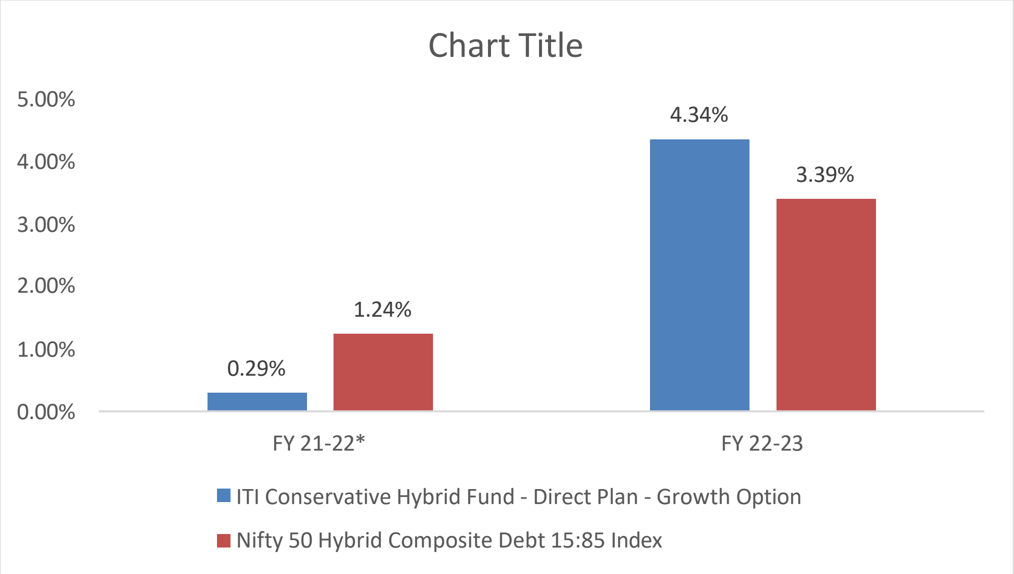
**Absolute Returns for each Financial Year for the last Five years**



**Performance of ITI Conservative Hybrid Fund – Direct Plan - Growth Option as at September 30, 2023 :**

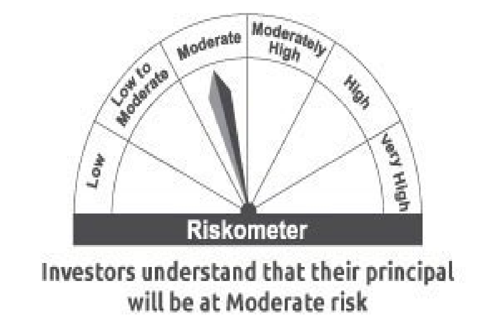
| Period | ITI Conservative Hybrid Fund – Direct Plan - Growth Option | Nifty 50 Hybrid Composite Debt 15:85 Index |
|---|---|---|
| 1 year return | 8.13% | 8.89% |
| 3 year returns | NA | NA |
| 5 year returns | NA | NA |
| Returns Since Inception (5th May, 2021) | 6.32% | 6.46% |

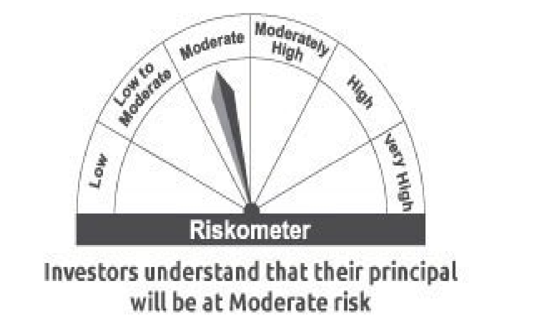
**Absolute Returns for each Financial Year for the last Five years**




Past performance may or may not be sustained in future. Different Plans i.e. Regular Plan and Direct Plan under the scheme have different expense structure. Benchmark: Nifty 50 Hybrid Composite Debt 15:85 Index. Additional Benchmark: CRISIL 10 Year Gilt Index. Fund Managers: Mr. Vikrant Mehta (Managing since 11-Mar-22), Mr. Alok Ranjan (Managing since 3-Oct-23) and Mr. Rohan Korde (Managing since 29-Apr-22). Inception date of the scheme 11-Mar-2022. Face Value per unit: Rs. 10.

| Scheme Riskometer | Benchmark Riskometer |
|---|---|



## G. OTHERS

**Investment by the AMC, Trustee, Sponsor, or their associates in the scheme**

1) The AMC/Trustees/Sponsor or its affiliates may invest in the Scheme anytime during the continuous offer period subject to the SEBI Regulations. The AMC will not charge Investment Management and Advisory fee on the investment made by it in the Scheme. Further, as per regulation 25(16A) of SEBI Regulations, AMC has invested such amount as seed capital in the Scheme, based on the risk associated with the Scheme, as specified by SEBI and such investment shall not be redeemed/withdrawn unless the Scheme is wound up.

2) Pursuant to regulation 43A of Regulations and SEBI circular dated July 27, 2023 on Investment by Mutual Fund Schemes and AMCs in units of CDMDF, AMC shall make a one-time contribution equivalent to 2 bps of the AUM of the Scheme as on December 31, 2022 in the units of 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. However, in case of winding up of contributing mutual fund scheme(s), inter-scheme transfers within the same Mutual Fund or across Mutual Funds may be undertaken. 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.'

## H. ADDITIONAL SCHEME DISCLOSURES

**Scheme's portfolio holdings:** (as on September 30, 2023)

a) **Top 10 holdings by issuer and sectors (As on September 30, 2023).**

| Name of Instrument | % of Net Assets |
|---|---|
| 7.18% GOI (MD 24/07/2037) | 26.86 |
| HDFC Bank Limited | 9.64 |
| Bharat Petroleum Corporation Limited | 7.43 |
| 6.89% GOI (MD 16/01/2025) | 2.47 |
| HDFC Bank Limited | 2.32 |
| Reliance Industries Limited | 1.67 |
| Infosys Limited | 1.44 |
| ICICI Bank Limited | 1.28 |
| Hindalco Industries Limited | 1.20 |
| ITC Limited | 1.07 |
| **Total** | **55.38** |

| Sector Classification | % of Net Assets |
|---|---|
| Government Securities | 29.33 |
| Oil & Gas | 7.43 |
| TREPS | 16.87 |
| Financial Services | 9.64 |
| Others | 36.73 |
| **Total** | **100** |

b) Website link for Monthly Portfolio Holding:
For the latest monthly portfolio holding, kindly visit our website https://www.itiamc.com/statutory-disclosure/monthly- portfolios
.

c) **The Portfolio Turnover Ratio of the Scheme is not given as it is debt scheme.**

d) **The aggregate investment (market value) in the Scheme by AMC's Board of Directors, Scheme's Fund Manager and Other Key Managerial Personnel -.**

| **Particulars** | **Aggregate Investments (Amount in Rs)** |
| --- | --- |
| Board of Directors | - |
| Fund Manager | 60,527.73 |
| Other Key Managerial Personnel | 51,293.58 |

## III. UNITS AND OFFER

This section provides details you need to know for investing in the Scheme.

### A) ONGOING OFFER DETAILS:

<table>
<tr>
<td>Plans / Options offered</td>
<td>
The Scheme will have two Plans i.e. Regular Plan and Direct Plan. Each plan offers the following options:
a) Growth Option
b) IDCW Option<br>• Payout of income distribution cum capital withdrawal option<br>• IDCW Re-investment of income distribution cum capital withdrawal option
Direct Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund (i.e. investments not routed through an AMFI Registration Number (ARN) Holder).
Default Plan
Investors subscribing under Direct Plan of the Scheme will have to indicate “Direct Plan” against the Scheme name in the application form. However, if distributor code is mentioned in application form, but “Direct Plan” is mentioned against the Scheme name, the distributor code will be ignored and the application will be processed under “Direct Plan”. Further, where application is received for Regular Plan without Distributor code or “Direct” mentioned in the ARN Column, the application will be processed under Direct Plan.
The below table summarizes the procedures which would be adopted by the AMC for applicability of Direct Plan / Regular Plan, while processing application form /transaction request under different scenarios:
<table>
<tr><th>Sr. no</th><th>AMFI Registration Number (ARN) Code mentioned in the application Form / transaction request</th><th>Plan as selected in the application form / transaction request</th><th>Transaction shall be processed and Units shall be allotted under</th></tr>
<tr><td>1</td><td>Not mentioned</td><td>Not mentioned</td><td>Direct Plan</td></tr>
<tr><td>2</td><td>Not mentioned</td><td>Direct</td><td>Direct Plan</td></tr>
<tr><td>3</td><td>Not mentioned</td><td>Regular</td><td>Direct Plan</td></tr>
<tr><td>4</td><td>Mentioned</td><td>Direct</td><td>Direct Plan</td></tr>
<tr><td>5</td><td>Direct</td><td>Not Mentioned</td><td>Direct Plan</td></tr>
<tr><td>6</td><td>Direct</td><td>Regular</td><td>Direct Plan</td></tr>
<tr><td>7</td><td>Mentioned</td><td>Regular</td><td>Regular Plan</td></tr>
<tr><td>8</td><td>Mentioned</td><td>Not Mentioned</td><td>Regular Plan</td></tr>
</table>
In cases of wrong/ invalid/ incomplete ARN codes mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall endeavour to contact the investor/distributor and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load.
Default Option – Growth
Default facility under IDCW Option – Reinvestment of Income Distribution cum capital withdrawal option
</td>
</tr>
</table>

**(i) Growth Option**

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

**(ii) IDCW Option**

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

**IDCW option offers (i) Payout of Income Distribution cum capital withdrawal option; and (ii) Reinvestment of Income Distribution cum capital withdrawal option.**

Both Regular and Direct Plan(s), offer the below options / sub-options / facilities:

| Options | Sub-Options/ Facilities | Frequency of Dividend | Record Date |
|---|---|---|---|
| Growth | Nil | NA | NA |
| Income Distribution cum Capital Withdrawal (IDCW) | Quarterly (Payout and Reinvestment option) | Quarterly | NA |
| | Half Yearly (Payout and Reinvestment option) | Half Yearly | NA |
| | Annually (Payout and Reinvestment option) | Annually | NA |

It must be distinctly understood that the actual declaration of IDCW and frequency thereof is at the sole discretion of Board of Trustee. There is no assurance or guarantee to the Unit holders as to the rate of IDCW distribution nor that the IDCW will be paid regularly.

**Payout of Income Distribution cum capital withdrawal option**

Under this facility, IDCW declared, if any, will be paid (net of TDS, and applicable statutory levy, if any) to those Unit holders, whose names appear in the register of Unit holders on the notified record date.

**Reinvestment of Income Distribution cum capital withdrawal option**

Under this facility, the IDCW due and payable to the Unit holders will be compulsorily and without any further act by the Unit holder, reinvested in the IDCW option at a price based on the prevailing ex-IDCW Net Asset Value per Unit on the record date. The amount of IDCW re-invested will be net of tax deducted at source, wherever applicable. The IDCW so reinvested shall constitute a constructive payment of IDCWs to the Unit holders and a constructive receipt of the same amount from each Unit holder for reinvestment in Units. On reinvestment of IDCWs, the number of Units to the credit of Unit holder will increase to the extent of the IDCW reinvested divided by the Applicable NAV.

**There shall, however, be no Load(s) (if any) on the IDCW so reinvested.**

For details on taxation of IDCW, please refer the SAI.

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| | **Notes**:<br>a. An investor on record for the purpose of IDCW distributions is an investor who is a Unit Holder as of the Record Date. In order to be a Unit Holder, an investor has to be allocated Units representing receipt of clear funds by the Scheme.<br>b. Investors should indicate the name of the Plan and/or Option, clearly in the application form. In case of valid applications received, without indicating the Plan and/or Option etc. or where the details regarding Option are not clear or ambiguous, the default options as mentioned above, will be applied.<br><br>Investors shall note that once Units are allotted, AMC shall not entertain requests regarding change of Option, with a retrospective effect. |
| **IDCW Policy** | Under the IDCW option, the Trustees will endeavour to declare the IDCW subject to availability of distributable surplus calculated in accordance with SEBI Regulations. IDCW amount can be distributed out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains. The actual declaration of IDCW and frequency will, inter-alia, depend on availability of distributable surplus calculated in accordance with SEBI (MF) Regulations and the decisions of Trustees shall be final in this regard. There is no assurance or guarantee to the Unit holders as to the rate of IDCW nor that the IDCW will be paid regularly.<br><br>The AMC/Trustee reserves the right to change the frequency of declaration of IDCW or may provide additional frequency for Declaration of IDCW. IDCW Distribution Procedure in accordance with SEBI Master circular no. SEBI/HO/IMD/IMD-POD-1/P/CIR/202374 dated May 19, 2023, the procedure for IDCW distribution would be as under:<br><br>1. Quantum of IDCW and the record date will be fixed by the Trustee. IDCW so decided shall be paid, subject to availability of distributable surplus.<br>2. Within one calendar day of the decision by the Trustee, the AMC shall issue notice to the public communicating the decision including the record date. The record date shall be 2 calendar days from the date of publication in atleast English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated.<br>3. Record date shall be the date, which will be considered for the purpose of determining the eligibility of Unitholders whose names appear on the register of Unitholder for receiving IDCWs. The Record Date will be 2 calendar days from the date of issue of notice.<br>4. The notice will, in font size 10, bold, categorically state that pursuant to payment of IDCW, the NAV of the Scheme would fall to the extent of payout and statutory levy (if applicable).<br>5. The NAV will be adjusted to the extent of IDCW distribution and statutory levy, if any, at the close of Business Hours on record date.<br>6. Before the issue of such notice, no communication indicating the probable date of IDCW declaration in any manner whatsoever will be issued by Mutual Fund. |

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| **Who can invest**<br><br>This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile | Prospective investors are advised to satisfy themselves that they are not prohibited by any law governing them and any Indian law from investing in the Scheme and are authorised to purchase units of mutual funds as per their respective constitutions, charter documents, corporate / other authorisations and relevant statutory provisions. The following persons (subject, wherever relevant, to purchase of Units, being permitted and duly authorized under their respective constitutions / bye-laws, charter documents and relevant statutory regulations) are eligible and may apply for purchase Subscription to the Units under the Scheme:<br><br>1. Indian Resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;<br>2. Hindu Undivided Family (HUF) through Karta;<br>3. Minor (as the first and the sole holder only) through a natural guardian (i.e. father or mother, as the case may be) or a court appointed legal guardian. There shall not be any joint holding with minor investments. Payment for investment shall be made from the bank account of the minor or from a joint account of the minor with the guardian only;;<br>4. Partnership Firms including limited liability partnership firms;<br>5. Proprietorship in the name of the sole proprietor;<br>6. Companies, Bodies Corporate, Public Sector Undertakings (PSUs.), Association of Persons (AOP) or Bodies of Individuals (BOI) and societies registered under the Societies Registration Act, 1860;<br>7. Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions;<br>8. Mutual Funds registered with SEBI;<br>Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as "Public Securities" as required) and Private trusts authorised to invest in mutual fund schemes under their trust deeds;<br>10. Non-Resident Indians (NRIs) / Persons of Indian origin (PIOs) residing abroad on repatriation basis or on non-repatriation basis;<br>11. Foreign Institutional Investors (FIIs) and their sub accounts registered with SEBI on repatriation basis;<br>12. Foreign Portfolio Investors (FPIs) registered with SEBI;<br>13. Army, Air Force, Navy and other para-military units and bodies created by such institutions;<br>14. Scientific and Industrial Research Organisations;<br>15. Multilateral Funding Agencies / Bodies Corporate incorporated outside India with the permission of Government of India / RBI;<br>16. Provident/ Pension/ Gratuity Fund to the extent they are permitted;<br>17. Other schemes of ITI Mutual Fund or any other mutual fund subject to the conditions and limits prescribed by SEBI Regulations;<br>18. Trustee, AMC or Sponsor or their associates may subscribe to Units under the Scheme;<br>19. Such other person as maybe decided by the AMC from time to time.<br><br>The list given above is indicative and the applicable laws, if any, as amended from time to time shall supersede the list. |

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| **Who cannot invest** | It should be noted that the following persons cannot invest in the Scheme:<br>1. Any individual who is a foreign national or any other entity that is not an Indian resident under the Foreign Exchange Management Act, 1999 (FEMA Act) except where registered with SEBI as a FPI or FII or sub account of FII or otherwise explicitly permitted under FEMA Act/ by RBI/ by any other applicable authority, or as stated in the exception in point no. 5 hereunder;<br>2. Overseas Corporate Bodies (OCBs)<br>3. Persons residing in Non-Compliant Countries and Territories (NCCTs) as determined by the Financial Action Task Force (FATF), from time to time.<br>4. U.S. Persons and Residents of Canada as defined under the applicable laws of U.S. and Canada, except subscriptions received by way of lump sum/switches/systematic transactions received from Non-Resident Indians (NRIs)/ Persons of Indian Origin (PIO); and Foreign Portfolio Investors (FPI)/Foreign Institutional Investors (FII). The investors need to submit a transaction request along with such documents as may be prescribed by ITIAML/the Fund from time to time.<br>5. Persons subject to sanctions or residing in countries which are sanctioned, by any regulatory authorities.<br>**The term "U.S. person" means any person that is a U.S. person within the meaning of Regulation S under the Securities Act of 1933 of U.S. or as defined by the U.S. Commodity Futures Trading Commission or as per such further amended definitions, interpretations, legislations, rules etc, as may be in force from time to time.*<br><br>Investors may be requested to note that, neither the Scheme Information Document ("SID")/Key Information Document ("KIM")/Statement of Additional Information ("SAI") ["Scheme Related Documents"] nor the units of the scheme(s) of ITI Mutual Fund have been registered under the relevant laws, as applicable in the territorial jurisdiction of United States of America nor in any provincial/territorial jurisdiction in Canada. The distribution of the Scheme related document in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of the Scheme related documents are required to inform themselves about, and to observe any such restrictions.<br><br>No persons receiving a copy of the Scheme related documents or any accompanying application form in such jurisdiction may treat these Scheme related documents or such application form as constituting an invitation to them to subscribe for units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements.<br><br>Accordingly the Scheme related documents do not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation as per applicable law.<br><br>The investor shall be responsible for complying with all applicable laws for such investments. The AMC/Trustee reserves the right to put the application form/transaction request on hold/reject the subscription/transaction request and redeem the units, if already allotted, as the case may be, at its sole discretion, as and when identified by the AMC that the same is not in compliance with the applicable laws, the terms and conditions stipulated by the AMC/Trustee from time to time and/or the documents/undertakings provided by such investors are not satisfactory. Any decision of the AMC about the eligibility or otherwise of a person to transact under the Scheme shall be final and binding on the applicant. Such redemption will be processed at the applicable Net Asset Value and subject to applicable taxes and exit load, if any. |

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| | The Mutual Fund reserves the right to include/exclude new/existing categories of investors to invest in the Scheme from time to time, subject to SEBI Regulations and other prevailing statutory regulations, if any. The Mutual Fund / Trustee / AMC may redeem Units of any Unitholder in the event it is found that the Unitholder has submitted information either in the application or otherwise that is false, misleading or incomplete or Units are held by any person in breach of the SEBI Regulations, any law or requirements of any governmental, statutory authority. |
| **How to Apply** | Please refer to the SAI and application form for the instructions |
| **Listing** | The Scheme is an open ended equity scheme, sale and repurchase will be made on a continuous basis and therefore listing on stock exchanges is not envisaged. However, the Trustee may at their discretion list the units on any Stock Exchange. |
| **The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the Scheme or the AMC) involved in the same** | Units once redeemed will be extinguished and will not be reissued. |
| **Restrictions, if any, on the right to freely retain or dispose of units being offered** | The Mutual Fund will be repurchasing (subject to completion of lock-in period, if any) and issuing units of the Scheme on an ongoing basis. Any addition / deletion of name from the folio of the Unit holder is deemed as transfer of Units. In view of the same, additions / deletions of names will not be allowed under any folio of the Scheme. The said provisions in respect of deletion of names will not be applicable in case of death of a Unit holder (in respect of joint holdings) as this is treated as transmission (transfer of units by operation of law) of Units and not transfer.<br><br>The Units of the Scheme held in the dematerialised form will be fully and freely transferable (subject to lock-in period, if any and subject to lien, if any marked on the units) in accordance with the provisions of SEBI (Depositories and Participants) Regulations as may be amended from time to time.<br><br>For units held in non - demat form / by way of an Account Statement, unit holders intending to transfer units will have to get the units Certified by submitting designated form. On receipt of the said request, RTA will mark the underlying units as Certified Units and will issue a Certified SOA for those units. The AMC / RTA, on production of Designated Transfer Form together with relevant Certified SOA and requisite documents, register the transfer and provide the Certified SOA to the transferee within 10 business days from the date of such production. Investors may note that stamp duty and other statutory levies, if any, as applicable from time to time shall be borne by the transferee.<br><br>For units held in non - demat form / by way of an Account Statement, unit holders intending to transfer units will have to get the units certified by submitting designated form. On receipt of the said request, RTA will mark the underlying units as Certified Units and will issue a Certified SOA for those units. The AMC / RTA, on production of Designated Transfer Form together with relevant Certified SOA and requisite documents, register the transfer and provide the Certified SOA to the transferee within 10 business days from the date of such production. Investors may note that stamp duty and other statutory levies, if any, as applicable from time to time shall be borne by the transferee.<br><br>Please refer to paragraphs on 'Transfer and Transmission of units', 'Right to limit redemption', 'Suspension of purchase and / or redemption of Units and IDCW distribution' and 'Pledge of Units' in the SAI for further details. |

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| **Cash Investments in mutual funds** | In order to help enhance the reach of mutual fund products amongst small investors, who may not be tax payers and may not have PAN/bank accounts, such as farmers, small traders/businessmen/workers, SEBI has permitted receipt of cash transactions for fresh purchases/ additional purchases to the extent of Rs.50,000/- per investor, per financial year shall be allowed subject to:<br>i. compliance with Prevention of Money Laundering Act, 2002 and Rules framed there under; the SEBI Circular(s) on Anti Money Laundering (AML) and other applicable Anti Money Laundering Rules, Regulations and Guidelines; and<br>ii. Sufficient systems and procedures in place.<br><br>However, payment towards redemptions, IDCW (if applicable) with respect to aforementioned investments shall be paid only through banking channel.<br>The Fund/ AMC is currently in the process of setting up appropriate systems and procedures for the said purpose. Appropriate notice shall be displayed on its website viz. as well as at the Investor Service Centres, once the facility is made available to the investors. |
| **Ongoing Offer Period**<br><br>This is the date from which the Scheme will reopen for subscriptions /redemptions after the closure of the NFO period. | The Scheme being an ongoing Scheme, the Units of the Scheme are available for subscription / redemption at applicable NAV based prices, subject to prevalent load provisions, if any. |
| **Ongoing price for subscription (purchase)/ switch-in (from other Schemes /Plans of the Mutual Fund) by investors.**<br>This is the price you need to pay for purchase/Switch-in. | Units of the Scheme shall be available for subscription (purchase)/switch- in at the Applicable NAV. |
| **Ongoing price for redemption (sale) / switch outs (to other schemes/plans of the Mutual Fund) by Investors.**<br><br>This is the price you will receive for redemptions/ Switch outs.<br><br>Example: If the applicable NAV is Rs.10, exit load is 2% then redemption price will be:<br><br>Rs.10* (1-0.02) = Rs. 9.80 | Units of the Scheme can be redeemed/ switched out at the Applicable NAV subject to prevailing exit load. The Repurchase Price however, will not be lower than 95% of the NAV subject to SEBI Regulations as amended from time to time.<br><br>**Methodology of calculation of repurchase price:**<br><br>For calculating the repurchase price, the exit load applicable at the time of investment shall be deducted from the applicable NAV of the Scheme.<br><br>For example: If the applicable NAV of the Scheme is Rs. 11 and the Exit Load applicable at the time of investment is 1% if redeemed before completion of 1 year from the date of allotment of units and the investor redeems units before completion of 1 year, then repurchase price will be calculated as follows:<br><br>**Step 1:** Applicable NAV * Exit Load at the time of investment in % = Exit Load Amount; i.e. Rs. 11 * 1% = Rs. 0.11;<br><br>**Step 2:** Applicable NAV - Exit Load Amount = Repurchase price;<br><br>i.e. Rs. 11- Rs. 0.11 = Rs.10.89. |

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| **Cut off timing for subscriptions / redemptions / switches**<br><br>This is the time before which your application (complete in all respects) should reach the official points of acceptance | In accordance with provisions of SEBI Master circular dated May 19, 2023, Chapter 8.4 – 'Uniform Cut off Timings for applicability of Net Asset Value of Mutual Fund scheme(s) and/ or plans', and further amendments if any, thereto, the following cut-off timings shall be observed by Mutual Fund in respect of purchase/ redemption/ switches of units of the scheme (irrespective of application amount), and the following NAVs shall be applied in each case:<br><br>**For Purchases (including switch-in)**<br><br>(a) In respect of valid applications received upto 3.00 p.m on a business day at the official point(s) of acceptance and funds for the entire amount of subscription / purchase as per the application are credited to the bank account of the respective scheme before the cut-off time i.e. available for utilization before the cut-off time – the closing NAV of the day shall be applicable.<br><br>(b) In respect of valid applications received after 3.00 p.m on a business day at the official point(s) of acceptance and funds for the entire amount of subscription / purchase as per the application are credited to the bank account of the respective scheme before the cut-off time of the next business day i.e. available for utilization before the cut-off time of the next business day – the closing NAV of the next business day shall be applicable. |
| | (c) Irrespective of the time of receipt of application at the official point(s) of acceptance, where funds for the entire amount of subscription / purchase as per the application are credited to the bank account of the respective scheme before the cut-off time on any subsequent business day i.e. available for utilisation before the cut-off time on any subsequent business day - the closing NAV of such subsequent business day shall be applicable.<br><br>**For Redemption / switch out under both the Plans**<br><br>(a) where the application is received upto 3.00 p.m. – the closing NAV of the day; and<br>(b) where the application is received after 3.00 p.m. – the closing NAV of the next Business Day.<br>Note: In case the application is received on a Non-Business Day, it will be considered as if received on the Next Business Day.<br><br>The abovementioned cut-off timing shall also be applicable to transactions through the online trading platform.<br><br>In case of Transaction through Stock Exchange Infrastructure, the Date of Acceptance will be reckoned as per the date & time; the transaction is entered in stock exchange's infrastructure for which a system generated confirmation slip will be issued to the investor. |

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| **Where can the applications for purchase / redemption / switches be submitted?** | Investors can submit the application forms for purchase through SIP/STP or redemption or switch-out at any of the Official Points of Acceptance, details of which are mentioned on the back cover page of this document.<br><br>Investors can also purchase or redemption or switch Units of the eligible Plan(s) under the Scheme through various channels/modes.<br><br>Investors are requested to note that the Investor Service Centres/Official Points of Acceptance of the Mutual Fund or its Registrar will not accept redemption requests for units held in demat mode. Investors who hold units in demat form, would need to route redemption requests through their DPs in the format prescribed by them.<br><br>Investors are requested to note that an Application Form accompanied by a payment instrument issued from a bank account other than that of the Applicant / Investor will not be accepted except in certain circumstances. For further details, please refer paragraph "Restriction on Acceptance of Third Party Payment Instruments for Subscription of Units" under the section "How to Apply?" in SAI. |
| **Minimum amount for purchase/Redemption /switches** | **Minimum amount for new purchase/switch-in:** Rs. 5,000 and in multiples of Re.1 thereafter<br><br>**For Systematic Investment Plan (SIP):** Rs. 500 and in multiples of Re. 1 thereafter<br><br>**For Systematic Transfer Plan (STP):** Rs. 1,000 and in multiples of Re. 1 thereafter<br><br>**For Systematic Withdrawal Plan (SWP):** Rs. 1,000 and in multiples of Re. 1 thereafter<br><br>**Minimum additional amount for purchase through SIP/ STP:** Rs. 1,000 and in multiples of Re. 1 thereafter for minimum 12 installments<br><br>The minimum subscription limits for new purchases /additional purchases will apply to each Plan/option separately.<br><br>**Minimum amount for redemption / switch out**<br><br>Rs. 1,000/- and in multiples of Re. 1/- thereafter or the account balance, whichever is lower subject to applicable load, if any<br><br>In case the investor specifies the number of units and amount to be redeemed, the number of units shall be considered for redemption. In case the unitholder does not specify the number of units or amount to be redeemed, the redemption request will not be processed. |
| **Minimum balance to be maintained and consequences of non maintenance** | There is no minimum balance required for the scheme. |

**Special Products Available**

The Special Products / Facilities available under the Scheme, are:

Systematic Investment Plan
Systematic Transfer Plan
Systematic Withdrawal Plan
Transfer of Income Distribution cum capital withdrawal plan
One Time Mandate
Auto Switch Facility
Facility to purchase/ redeem units of the Scheme through Stock Exchange Mechanism (as and when provided).

**1. SYSTEMATIC INVESTMENT PLAN (SIP)**

This facility enables investors to save and invest periodically over a long period of time.

| **Particulars** | **Frequency Available** | | |
|---|---|---|---|
| | Daily | Weekly | Monthly |
| SIP Transaction Dates | Every Business Day | Any day between Monday to Friday | Any date from 1st to 28th of the month ** |
| Minimum no. of installments and Minimum amount of installment* | One Month installments of Rs. 500/- each and in multiples of Re.1/- thereafter | 12 installments of Rs. 500/- each and in multiples of Re.1/- thereafter or 6 installments of Rs. 1,000/- each and in multiples of Re.1/- thereafter | 12 installments of Rs. 500/- each and in multiples of Re.1/- thereafter or 6 installments of Rs. 1,000/- each and in multiples of Re.1/- thereafter |
| Mode of Payment | Electronic Clearing Service (ECS)<br>Post Dated Cheques (PDCs)<br>National Automated Clearing House (NACH) Facility | | |

*Minimum application amount is not applicable to SIP Transaction

** In case the date chosen for SIP falls on a Non Business Day or on a date which is not available in a particular month, the SIP will be processed on the immediate next Business Day.

(i) An investor needs to provide the first cheque / Demand Draft with the SIP application form. The date of the first cheque shall be the same as the date of the application. The remaining payment instructions / cheque can be on any dates of the month as specified in the SIP application form.
(ii) The applicable NAV in such first sale shall be the NAV based on the date and time of receipt of application along with the cheque subject to the funds are available for utilization.

| | |
|---|---|
| | (iii) SIP shall be started subject to realization of the first installment.<br>(iv) There is no upper limit for individual installments / aggregate investment made under Daily/ Weekly/Monthly SIP.<br>(v) The request for enrollment / processing of SIP will only be on a Business Day at the applicable NAV. In case during the term of SIP processing date falls on a non-Business Day, then such request will be processed on the next following Business Day's applicable NAV.<br>(vi) The request for enrollment of SIP in the prescribed form should be received at any official point of acceptance / Investor service center at least 30 Calendar Days in advance before the execution / commencement date.<br>(vii) The request for discontinuation of SIP in the prescribed form should be received at any official point of acceptance / Investor Service Center at least 30 Calendar Days in advance before the execution / commencement date.<br>(viii) The units will be allotted to the investor at applicable NAV of the respective Business Days on which the investment are sought to be made as per the applicable cut-off timing subject to the funds are available for utilisation.<br>(ix) The AMC may also based on cheque authorization received from the Unitholder approach the Unitholder's bank for setting up standing instruction for remittance of the stated SIP amount at stated intervals in favor of the Fund. In case the bank fails to take cognizance of the cheque authorisation, the Unitholder may be requested to re-send post-dated cheques. In case any particular date of the postdated cheque falls on a holiday the immediate next Business Days will be considered for this purpose.<br>The Unitholder's account will be credited with the number of units at the applicable Sale Price. Unitholder may also leave a standing instruction with his/her bank to periodically remit a fixed sum from his/her account into the Scheme. A Unitholder should note that the market value of the Scheme's units is subject to fluctuation. Before going in for the Systematic Investment Plan, the Unitholder should keep in mind that the SIP does not assure a profit or protect against a loss.<br>(x) In case of investments under SIP, if 3 or more consecutive payment instructions provided by the investor/unitholder are dishonored for either insufficiency of funds or as a result of a stop payment instruction issued by the investor/unitholder or any other reason as intimated by the bank, the AMC reserves the right to discontinue the SIP facility provided to the investor/unitholder.<br>(xi) An investor can also invest in the Scheme through SIP Facility through the Stock Exchange mechanism as such SIP frequency available under the Stock Exchange mechanism from time to time.<br><br>The provision for Minimum Application Amount will not be applicable under SIP Investments.<br><br>**SIP through post-dated cheques**<br><br>The date of the first cheque shall be the same as the date of the application while the remaining cheques shall be post dated cheques which shall be dated uniformly. Investors can invest in SIP by providing post-dated cheques to Official Point(s) of Acceptance.<br><br>All SIP cheques should be of the same amount and same SIP transaction date opted. Cheques should be drawn in favour of the Scheme and "A/c Payee only". A letter will be forwarded to the Investor on successful registration of SIP. The Post Dated cheques will be presented on the dates mentioned on the cheque and subject to realization of the cheque. |

**SIP through NACH**

Investors may also enroll for SIP facility through NACH (Debit Clearing) of the RBI or for SIP Direct Debit Facility available with specified Banks / Branches. In order to enroll for SIP NACH or Direct Debit Facility, an Investor must fill-up the Application Form for SIP NACH/ Direct Debit facility.
In case of SIP with payment mode as NACH/Direct Debit, Investors shall be required to submit a cancelled cheque or a photocopy of a cheque of the bank account for which the NACH/Direct Debit Mandate is provided.

All SIP cheques / payment instructions should be of the same amount and same date (excluding first cheque). However, there should be a gap of 30 calendar days between first SIP Installment and the second installment in case of SIP started during the ongoing offer.

Units will be allotted at the Applicable NAV of the respective SIP transaction dates as per SIP mandate. In case the SIP transaction date falls on a non-business day or falls during a Book Closure period, the immediate next Business Day will be considered for this purpose.

An extension of an existing SIP mandate will be treated as a fresh SIP mandate on the date of such application, and all the above conditions need to be met with. For applicable Load on Purchases through SIP, please refer paragraph “Load Structure” given in the document.

**Micro Systematic Investment Plan (Micro SIP):**

The unit holder will have the facility of MicroSIP under the current Systematic Investment Plan facility. The Minimum Investment amount per installment will be as per applicable minimum investment amount of the respective Scheme. The total investment under MicroSIP cannot exceed Rs. 50,000/-. The minimum redemption amount will be Rs. 1000/- and in multiples of Re. 1/- thereafter or the account balance, whichever is lower.

In line with SEBI letter no. OW/16541/2012 dated July 24, 2012, addressed to AMFI, Investments in the mutual fund schemes [including investments through Systematic Investment Plans (SIP)] up to Rs. 50,000/ per investor in a rolling 12 months period or in a financial year i.e. April to March i.e. the limit on Micro Investments shall be exempted from the requirement of PAN. However, requirements of Know Your Customer (KYC) shall be mandatory .

Accordingly, investors seeking the above exemption for PAN still need to submit the KYC Acknowledgement, irrespective of the amount of investment. This exemption will be available only to Micro investment made by the individuals being Indian citizens (including NRIs, Joint holders, minors acting through guardian and sole proprietary firms). PIOs, HUFs, QFIs and other categories of investors will not be eligible for this exemption.

**Systematic Investment Plan (SIP) Top-Up Facility**

The Facility enables unitholders to increase the SIP installment amount at pre-defined intervals by a fixed amount or anytime by a specified amount as per the request. The terms and conditions of the Facility are as follows:

(i) Top-up facility will be allowed in case of Micro Investments subject to the condition that total investments including SIP Top-up by the investor does not exceed 50,000/- in a rolling 12 months period or in a financial year i.e. April to March i.e. the limit on Micro Investments.
(ii) The minimum Top-up amount is Rs. 500/- and in multiples of Rs. 500/- thereafter.
(iii) If the investor does not specify the Top-up amount, the default amount

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| | for Top-up will be considered as Rs. 500/-, and the application form shall be processed accordingly.<br>(iv) Top-Up facility can be availed at half yearly and yearly intervals. In case the Top-Up frequency is not specified, Default will be considered as yearly frequency.<br>(v) The facility is currently available only for SIP registration and installment payments made directly with the fund and through modes like NACH/ECS mode. Further the facility is currently not available for SIP registration made through (i) Post-dated cheques (PDCs).(ii) Channel Partners, (iii) Exchanges and (iv) ISIPs.<br>(vi) Top-Up facility would be available to all existing and new SIP enrolments. Existing investors who have enrolled for SIP are also eligible to avail Top-Up facility and will be required to submit 'Systematic Investment Plan (SIP) with Top-up Facility' at least 30 calendar days prior to the Top-Up start month. In case the request is not received at least 30 days prior to the SIP date, the Top-up will be applicable from the next effective SIP installment.<br>(vii) Once enrolled, in case the Investor wants to modify the Top-up details, the investor must cancel the existing SIP Top-up and enroll for a new SIP Top-up with the desired Top-up details.<br>(viii) SIP Top-up facility can be started after minimum 6 months from the date of 1st SIP for both New and Existing SIP Investors. If the end-date of the Top-up facility is not mentioned the Top-up facility will be continued till the tenure of the SIP. For example, if the SIP is registered till 2099, and the end date of the Top-up facility is not mentioned; then the Top-up will continue till 2099.<br>(ix) In case, the SIP Top up is cancelled, the SIP will be ceased.<br>(x) SIP Top Up facility can be availed by Existing Investors who have already registered any SIP with the fund, after a gap of 6 months from the date of submission of such Top Up application request and after the subsequent cycle date SIP has been processed. For Example if for an Existing SIP, the First SIP date is 15th of each Month from Jan 2020; and the Top-Up application request is submitted on 22nd Feb, 2020. The Next SIP date will be 15th of March, 2020; therefore the Top Up will start after 6 Months from 15th of September, 2020.<br>(xi) All other terms & conditions applicable for regular SIP Facility will also be applicable to Top-up Facility.<br><br>**SIP Pause Facility**<br><br>Under the SIP Pause Facility, the investor has an option to temporarily pause their existing SIP for a specified period of time. On the expiry of the specified period, the SIP would re-start automatically.<br><br>The features, terms and conditions for availing the SIP Pause facility are as follows: -<br><br>• All Under this Facility, the Investor has an option to temporarily stop the SIP for a specified period of time either through online mode or by submitting the form for SIP Pause Facility (available at www.itiamc.com) at any of the Official Points of Acceptance of ITI Mutual Fund.<br>• The SIP Pause form should be submitted at least 30 calendar days prior to the next SIP date.<br>• The SIP shall restart automatically from the immediate next eligible installment after the completion of pause period.<br>• There would be no restriction on the number of times a SIP can be paused.<br><br>The AMC / Trustee reserve the right to change / modify the terms and conditions under the SIP prospectively at a future date. |

**Multiple SIP facility**

Under this facility, investors will have the option to initiate multiple SIP investments in different schemes of the Fund using a single application form.

The features, terms and conditions for availing the Multiple SIP facility' shall be as follows:

a) An investor can register SIP for maximum of five schemes by submitting one single application form/ payment instruction. In case if the investor wishes to register for more than five schemes, a separate form has to be filled up for the same.

b) To avail this facility, investor is required to fill up the 'One time Bank Mandate' form. The enrolment period specified in the 'Multiple SIP-Registration Form' should be less than or equal to the enrolment period mentioned in the 'One Time Bank Mandate' form. In case of deviation between the tenure for 'Multiple SIP' and tenure mentioned in 'One time Bank Mandate' form, the transaction shall be processed till the tenure mentioned in the 'One time Bank Mandate' form.

**(2) Systematic Transfer Plan (STP):**

This facility enables the Unit holder to transfer fixed amount periodically from one scheme of the Mutual Fund ("Transferor Scheme") to another ("Transferee Scheme") by redeeming units of the Transferor Scheme at the Applicable NAV, subject to Exit Load, if any and investing the same amount in Transferee Scheme at the Applicable NAV, on a recurrent basis for a specified period at specified frequency as per the investor's STP mandate. The provision of "Minimum Redemption Amount" of the designated Transferor Scheme(s) and "Minimum Application Amount" of the designated Transferee Scheme(s) shall not be applicable to STP. Investors may register for STP using a prescribed enrollment form. STP facility is offered by the Scheme subject to following terms and conditions:

| | **Daily** | **Weekly** | **Monthly** | **Quarterly** |
|---|---|---|---|---|
| STP Transaction Dates | Every Business Day | Any day between Monday to Friday | 1st or 7th or 14th or 21st or 28th of every month | 1st or 7th or 14th or 21st or 28th of last month of every quarter |
| Minimum no. of installments and Minimum amount of installment* | One Month installment of Rs. 1000/- each and in multiples of Re.1/- thereafter | Two installments of Rs. 1000/- each and in multiples of Re.1/- thereafter | Two installments of Rs. 1000/- each and in multiples of Re.1/- thereafter | Two installments of Rs. 1000/- each and in multiples of Re.1/- thereafter |

*Minimum application amount is not applicable to STP Transaction

Note: Anyone or more STP transaction dates from the available dates can be selected by the Unit Holders under the Monthly frequency. Incase the STP dates fall on a non business day or a day followed by a non business day than the transfer will happen on the next business day.

**Default options**

Default Frequency – Monthly

Default Date for monthly frequency – 7th of every month

1. If any STP transaction due date falls on a non-Business Day, then the respective transactions will be processed on the immediately succeeding Business Day.

2. If the STP period or no. of installments is not specified in the transaction Form, the STP transactions will be processed until the balance of units in the unit holder's folio in the Transferor Scheme becomes zero.

3. STP registered for more than one date under monthly option then it will be considered as separate STP instruction for the purpose of fulfilling the criteria under "Minimum no. of installments" section above.

4. The AMC reserves the right to introduce STP facility at any other frequencies or on any other dates as the AMC may feel appropriate from time to time.

5. The load structure in the Transferee Scheme prevailing at time of submission of STP application (whether for fresh enrollment or extension) will be applicable for all the investment through STP specified in such application.

6. The STP mandate has to be submitted 7 business days prior to the first STP date. The STP facility may be discontinued by a Unit holder by giving a written notice of 10 Business days to any of the Official Point(s) of Acceptance. STP mandate will terminate automatically if there is no Unit balance in the Transferor Scheme on the STP transaction date or upon the Mutual Fund receiving a written intimation of death of the sole / 1st Unit holder.

7. Units marked under lien or pledge in the Transferor Scheme will not be eligible for STP.

8. In case the unit balance in the Transferor Scheme is lesser than amount specified by the unit holders for STP, the AMC will transfer remaining unit balance to the Transferee Scheme.

9. STP in a folio of minor will be registered only upto the date of minor attaining majority even though the instruction may be for the period beyond that date.

The provision for Minimum Application Amount will not be applicable under STP Investments. The AMC / Trustee reserve the right to change / modify the terms and conditions under the STP prospectively at a future date.

**3. SYSTEMATIC WITHDRAWAL PLAN (SWP)**

**SWP (option 1)**

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

| **Particulars** | **Frequency Available** | |
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| | **Monthly** | **Quarterly** |
| SWP Transaction Dates | 1st or 7th or 14th or 21st or 28$^{th}$ of every month | 1st or 7th or 14th or 21st or 28$^{th}$ of month of every Quarter |
| Minimum no. of installments and Minimum amount of installment* | Two installments of Rs. 1000/- each and in multiples of Re.1/- thereafter | Two installments of Rs. 1000/- each and in Multiples of Re.1/- thereafter |

*Minimum application amount is not applicable to SWP Transaction

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| | 1. The withdrawals will commence from the start date mentioned by the investor in the SWP Application Form. The Units will be redeemed at the Applicable NAV of the respective dates on which such withdrawals are sought.<br>2. The request for enrollment / processing of SWP will only be on a Business Day at the applicable NAV. In case during the term of SWP processing date falls on a non-Business Day, then such request will be processed on the next following Business Day's applicable NAV.<br>3. The request for enrollment of SWP in the prescribed form should be received at any official point of acceptance / Investor service center at least 7 Business Days in advance before the execution / commencement date.<br>4. The request for discontinuation of SWP in the prescribed form should be received at any official point of acceptance / Investor Service Center at least 10 Business Days in advance before the execution / commencement date. The provision for Minimum Application Amount will not be applicable under SWP Investments.<br><br>A request for STP / SWP will be treated as a request for Redemption from/Subscription into the respective Option(s)/Plan(s) of the Scheme(s) as opted by the Investor, at the applicable NAV.<br><br>**SWP (option 2)**<br><br>This facility will allow investors to redeem a fixed sum of money periodically at the prevailing Net Asset Value (NAV) depending on the option chosen by the investor. The withdrawals can be made as follows:<br>1. Investors can opt for this facility and withdraw their investments systematically on a Monthly basis. Withdrawals will be made/ effected on the 25th of every month and would be treated as redemptions. In case 25th is a holiday, then it would be effected on next business day.<br>2. SWP installment amount per month will be fixed at 0.50 % of amount specified by investor and will be rounded-off to the nearest highest multiple of Re.1. Minimum amount required for availing the said facility is Rs.1 lakh.<br>3. Investors are required to submit Systematic Withdrawal registration request at least 15 days prior to the date of 1st installment.<br>4. The SWP will terminate automatically if no balance is available in the respective scheme on the date of installment trigger or if the enrollment period expires; whichever is earlier.<br>5. If the total valuation in a scheme at the time of SWP registration is less than the amount specified/selected by the investor, the AMC reserves the right to reject the SWP feature request.<br>6. Conversion of physical unit to demat mode will nullify any existing / future SWP registration request and the request cannot be re-submitted.<br>7. If no schemes are selected or opted for multiple schemes, the AMC reserves the right to reject the SWP request.<br>8. AMC reserves the right to amend/terminate this facility at any time, keeping in view business/operational exigencies and the same shall be in the best interest of the investors.<br><br>**Switching Options:**<br><br>**a) Inter - Scheme Switching option**<br><br>Unitholders under the Scheme have the option to Switch part or all of their Unitholdings in the Scheme to any other Scheme offered by the Mutual Fund from time to time. The Mutual Fund also provides the Unitholders the flexibility to Switch their investments from any other scheme(s) / plan (s) offered by the Mutual Fund to this Scheme. This option will be useful to Unitholders who wish to alter the allocation of their investment among the scheme(s) / plan(s) of the Mutual Fund in order to meet their changed investment needs. |

The Switch will be effected by way of a Redemption of Units from the Scheme at Applicable NAV, subject to Exit Load, if any and reinvestment of the Redemption proceeds into another Scheme offered by the Mutual Fund at Applicable NAV and accordingly the Switch must comply with the Redemption rules of the Switch out Scheme and the Subscription rules of the Switch in Scheme.

**b) Intra -Scheme Switching option**

Unitholders under the Scheme have the option to Switch their Unit holding from one plan/option to another plan/option (i.e. Regular Plan to Direct Plan and Growth option to IDCW option and vice-a-versa). The Switches would be done at the Applicable NAV based prices and the difference between the NAVs of the two options will be reflected in the number of Unit allotted.

Switching shall be subject to the applicable “Cut off time and Applicable NAV” stated elsewhere in the Scheme Information Document. In case of “Switch” transactions from one scheme to another, the allocation shall be in line with Redemption payouts.

**4. TRANSFER OF INCOME DISTRIBUTION CUM CAPITAL WITHDRAWAL PLAN**

Under this facility, the IDCW declared in the Scheme, if any, can be transferred to any other open-ended scheme of the Fund (in existence at the time of declaration of IDCW, as per the features of the respective scheme) at the Applicable NAV based prices. The amount to the extent of the IDCW declared (net of the distribution tax and statutory levy, if any) will be automatically transfer out of this Scheme (source scheme) to the transferee scheme at the Applicable NAV based prices of the transferee scheme on the ex-IDCW date and equivalent units will be allotted. The details, including mode of holding, of unit holders in the transferee scheme will be as per the existing folio in the source scheme. Units in the transferee scheme will be allotted in the same folio.

If the IDCW payable under the IDCW Transfer Plan is equal to or less than Rs. 500 then the IDCW would be compulsorily reinvested in the existing option of the Scheme. The provision for ‘Minimum Application Amount’ specified in the respective Target Scheme’s Scheme Information Document (SID) will not be applicable under DTP.

In case any of the record date falls on a non business day, the record date shall be the immediately following Business Day. All Units will rank pari passu, among Units within the same Option in each respective Plan under the Scheme, as to assets, earnings and the receipt of IDCW distributions, if any, as may be declared by the Trustee.

The AMC, in consultation with the Trustee reserves the right to discontinue/add more options / facilities at a later date subject to complying with the prevailing SEBI guidelines and Regulations.

**5. One Time Mandate (OTM) Facility:**

This facility enables the Unitholder(s) to transact with in a simple, convenient and paperless manner by submitting OTM - One Time Mandate registration form to the Fund which authorizes his/her bank to debit their account upto a certain specified limit based per day (subject to the statutory limits per transaction), as and when the transaction is undertaken by the Investor, without the need of submitting cheque or fund transfer letter with every transaction thereafter.

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| | The facility would enable investment either through Systematic Investment Plan (SIP) or Lumpsum investments in the Schemes of the Fund by sending instructions indicating OTM usage for transaction through online or any other mode as enabled by ITIAML from time to time.<br><br>Registration of the facility or any deactivation thereof shall be carried out by the ITIAML on submission of valid written request at any Investor Service Centre of ITIAML by the Investor. ITIAML shall not be liable for execution of OTM based transaction, if any, occurring between the period of submission of discontinuation request and registration of such deactivation.<br><br>Further, it may please be noted that the said facility is available for individual investors, HUFs and Proprietor Firms only.<br><br>For general terms and conditions and more information, Unitholder(s) are requested to read Terms and Conditions, OTM - One Time Mandate registration form available at the Official Point of Acceptance of AMC, Registrar & Transfer Agent of the Fund and also available on www.itiamc.com.<br><br>**6. Auto Switch Facility:**<br><br>Under this facility, an existing Investor who has applied for Auto Switch facility, the specified units from the Transferor Scheme will be automatically switched out from the Transferor Scheme at the closing applicable NAV as on the last date of the New Fund Offer (NFO) period and that the units in NFO Scheme will be allotted at the NFO Price on the allotment date. The features, terms, and conditions for availing the facility are as follows:<br><br>a) This Auto Switch Facility can be used only by existing Unit holders having investments in specified schemes of ITI Mutual Fund to switch their units.<br><br>b) The price at which the units will be switched-out will be based on the redemption price of the scheme from which switch-out is done and the proceeds will be invested into the scheme at the NFO Price.<br><br>c) A switch has the effect of redemption from one scheme/plan/option and a purchase in the other scheme/plan/option to which the switching has been done and accordingly the exit load shall be applicable, if any.<br><br>d) The units from the Specified Transferor Scheme will be switched, subject to provisions mentioned in the Scheme Information Document of the Transferor Scheme.<br>e) Unit holders are required to maintain clear balance in accordance with amount specified in the Auto Switch Application Form on the execution date. In case of insufficient balance in the account/folio, the application for Auto Switch will be rejected.<br><br>f) This facility will not be available for units which are under any Lien/Pledged or any lock-in period.<br><br>**7. Stock Exchange Infrastructure Facility:**<br><br>The investors can subscribe to / switch / redeem the Units of the Scheme under "Growth" option through Mutual Fund Service System ("MFSS / NFM II") platform of National Stock Exchange and "BSEStAR MF" platform of Bombay Stock Exchange and ICEX MF of Indian Commodity Exchange Limited. Through ICEX platform, investors can subscribe to units only through physical mode.<br><br>Further, in accordance with SEBI Circular SEBI/HO/MRD1/DSAP/CIR/P/2020/ 29 dated February 26, 2020, investors can also directly access infrastructure of the recognised stock exchanges to purchase and redeem mutual fund units directly from Mutual Fund/ Asset Management Company.<br><br>Please contact any of the Investor Service Centers of the Mutual Fund to understand the detailed process of transacting through this facility. |

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| **Account Statements** | • An applicant whose application has been accepted shall have the option either to receive the statement of accounts or to hold the units in dematerialised form and the asset management company shall issue to such applicant, a statement of accounts specifying the number of units allotted by way of e-mail and / or sms to the applicant or issue units in the dematerialized form as soon as possible but not later than five working days from the date of closure of the initial subscription list or from the date of receipt of the application. The asset management company shall issue units in dematerialized form to a unit holder in a scheme within two working days of the receipt of request from the unit holder.<br>• Where investors / Unitholders, have provided an email address, an account statement reflecting the units allotted to the Unitholder shall be sent by email on their registered email address.<br>• The Unitholder may request for a physical account statement by writing / calling the AMC /ISC / RTA. The AMC shall dispatch an account statement within 5 Business Days from the date of the receipt of request from the Unit holder.<br><br>**Consolidated Account Statement (CAS)**<br>Consolidated account statement for each calendar month shall be issued, on or before 15th day of succeeding month, detailing all the transactions and holding at the end of the month including transaction charges paid to the distributor, across all schemes of all mutual funds, to all the investors in whose folios transaction has taken place during that month.<br><br>Pursuant to SEBI Master circular dated May 19, 2023, Chapter 14.4- 'Dispatch of Statement of Accounts', following additional disclosure(s) shall be provided in CAS issued for the half year (ended September / March):<br><br>a. The amount of actual commission paid by the AMCs /Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor's total 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 the AMC /MFs to the distributors. Further, the commission disclosed in CAS shall be gross commission and shall not exclude costs incurred by distributors such as Goods and Services Tax (GST) (wherever applicable, as per existing rates), operating expenses, etc.<br>b. The scheme's average total expense ratio (in percentage terms) for the half-year period for the scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in.<br><br>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.<br><br>• The AMC shall identify common investors across fund houses by their permanent account number (PAN) for the purposes of sending CAS.<br>• In the event the account has more than one registered holder, the first named Unitholder shall receive the CAS.<br>• The transactions 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 and systematic transfer plan, carried out by the Unit holders shall be reflected in the CAS on the basis of PAN. |

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| | • The CAS shall not be received by the Unit holders for the folio(s) not updated with PAN details. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN.<br>• Pursuant to SEBI Circular no. CIR /MRD /DP /31/2014 dated November 12, 2014, Depositories shall generate and dispatch a single consolidated account statement for investors (in whose folio the transaction has taken place during the month) having mutual fund investments and holding demat accounts.<br>• Based on the PANs provided by the asset management companies / mutual funds' registrar and transfer agents (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. In other cases (i.e. PANs with no demat account and only MF units holding), the AMCs/ MF-RTAs shall continue to send the CAS to their unit holders as is being done presently in compliance with the Regulation 36(4) of the SEBI (Mutual Funds) Regulations.<br>• Where statements are presently being dispatched by email either by the Mutual Funds or by the Depositories, CAS shall be sent through email. 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.<br><br>**Half Yearly Consolidated Account Statement**<br><br>A consolidated account statement detailing holding across all schemes at the end of every six months (i.e. September/ March), on or before 21st day of succeeding month, to all such Unitholders holding units in non- demat form in whose folios no transaction has taken place during that period shall be sent by email.<br><br>The half yearly consolidated account statement will be sent by e-mail to the Unit holders whose e-mail address is registered with the Fund, unless a specific request is made to receive the same in physical mode.<br><br>**Option to hold units in dematerialised (demat) form**<br><br>Investors shall have an option to subscribe to/ hold the units in electronic (demat) form in accordance with the guidelines/procedural requirements as laid down by the Depositories (NSDL/CDSL) from time to time. The Applicants intending to hold Units in demat form will be required to have a beneficiary account with a Depository Participant (DP) of the NSDL/CDSL and will be required to mention in the application form DP's Name, DP ID No. and Beneficiary Account No. with the DP at the time of purchasing Units.<br>In case investors desire to convert their existing physical units (represented by statement of account) into dematerialized form or vice versa, the request for conversion of units held in physical form into Demat (electronic) form or vice versa should be submitted along with a Demat/Remat Request Form to their Depository Participants. In case the units are desired to be held by investor in dematerialized form, the KYC performed by Depository Participant shall be considered compliance of the applicable SEBI norms.<br><br>Investors desirous of having the Units of the Scheme in dematerialized form should contact the ISCs of the AMC/Registrar. For details, Investors may contact any of the Investor Service Centres of the AMC.<br><br>**Account Statement for demat account holders**<br><br>In case of Unit Holders holding units in the dematerialized mode, the AMC will not send the account statement to the Unit Holders. The demat statement issued by the Depository Participant would be deemed adequate<br><br>compliance with the requirements in respect of dispatch of statements of account. |

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| **IDCW** | The IDCW (dividend) warrants / cheque / demand draft shall be dispatched to the Unit Holders within 7 working days from the record date. In the event of failure to dispatch the IDCW (IDCW) within the stipulated 7working days period from the record date, the AMC shall be liable to pay interest @ 15 percent per annum calculated from the record date till the date of dispatch of IDCW proceeds, to the Unit holders.<br><br>The IDCW (IDCW) proceeds will be paid by way of ECS / EFT / NEFT / RTGS / Direct credits/ any other electronic manner if sufficient banking details are available with the Mutual Fund for the Unitholder. In case of specific request for IDCW (IDCW) by warrants/cheques/demand drafts or unavailability of sufficient details with the Mutual Fund, the IDCW (IDCW) will be paid by warrant/cheques/demand drafts and payments will be made in favour of the Unit holder (registered holder of the Units or, if there are more than one registered holder, only to the first registered holder) with bank account number furnished to the Mutual Fund. |
| **Redemption** | The redemption proceeds shall be dispatched to the unitholders within 3 business days from the date of receipt of redemption application, complete / in good order in all respects.<br><br>**How to Redeem**<br><br>A Transaction Slip can be used by the Unitholder to request for Redemption. The requisite details should be entered in the Transaction Slip and submitted at an ISC/Official Point of Acceptance.<br>Transaction Slips can be obtained from any of the ISCs/Official Points of Acceptance. The Fund allows redemption of Units, during the period when the ongoing subscription list is opened, by electronic mode through the various websites with whom AMC would have an arrangement from time to time. Investor can also place redemption online through the AMC's website subject to the terms and conditions as maybe stipulated from time to time.<br>**Procedure for payment of redemption**<br><br>**1. Resident Unitholders**<br><br>Unitholders will receive redemption proceeds directly into their bank account through various electronic payout modes such as Direct credit / NEFT / RTGS / IMPS unless they have opted to receive the proceeds through Cheque/ Demand Draft. Redemption proceeds will be paid in favour of the Unit holder (registered holder of the Units or, if there is more than one registered holder, only to the first registered holder) through "Account Payee" cheque / demand draft with bank account number furnished to the Mutual Fund (please note that it is mandatory for the Unit holders to provide the Bank account details as per the directives of SEBI, even in cases where investments are made in cash). Redemption cheques will be sent to the Unit holder's address (or, if there is more than one holder on record, the address of the first-named Unitholder).<br><br>The redemption proceeds will be sent by courier or (if the addressee city is not serviced by the courier) by registered post / UCP to the registered address of the sole / first holder as per the records of the Registrars. For the purpose of delivery of the redemption instrument, the dispatch through the courier / Postal Department, as the case may be, shall be treated as delivery to the investor. The AMC / Registrar are not responsible for any delayed delivery or non-delivery or any consequences thereof, if the dispatch has been made correctly as stated above. |

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| | **2. Non-Resident Unitholders**<br><br>Payment to NRI / FII Unit holders will be subject to the relevant laws / guidelines of the RBI as are applicable from time to time (also subject to deduction of tax at source as applicable).<br><br>In the case of NRIs:<br>i. Credited to the NRI investor's NRO account, where the payment for the purchase of the Units redeemed was made out of funds held in NRO account; or<br>ii. Remitted abroad or at the NRI investor's option, credited to his NRE / FCNR / NRO 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.<br><br>In the case of FIIs, the designated branch of the authorized dealer may allow remittance of net sale / maturity proceeds (after payment of taxes) or credit the amount to the Foreign Currency account or Non-resident Rupee account of the FII maintained in accordance with the approval granted to it by the RBI.<br>The Fund will not be liable for any delays or for any loss on account of any exchange fluctuations, while converting the rupee amount in foreign exchange in the case of transactions with NRIs / FIIs. The Fund may make other arrangements for effecting payment of redemption proceeds in future.<br><br>**Effect of Redemption**<br><br>The number of Units held by the Unit Holder in his/ her/ its folio will stand reduced by the number of Units Redeemed. Units once redeemed will be extinguished and will not be re- issued.<br><br>The normal processing time may not be applicable in situations where details like bank name, bank account no. etc. are not provided by investors/ Unit holders. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and/or any delay/ loss in transit.<br><br>**Redemption by investors transacting through the Stock Exchange mechanism**<br><br>Investors who wish to transact through the stock exchange shall place orders for redemptions as currently practiced for secondary market activities. Investors must submit the Delivery Instruction Slip to their Depository Participant on the same day of submission of redemption request, within such stipulated time as may be specified by NSE/BSE, failing which the transaction will be rejected. Investors shall seek redemption requests in terms of number of Units only and not in Rupee amounts. Redemption amounts shall be paid by the AMC to the bank mandate registered with the Depository Participant.<br><br>**Redemption by investors who hold Units in dematerialized form**<br><br>Redemption request for Units held in demat mode shall not be accepted at the offices of the Mutual Fund/AMC/Registrar. Unit holders shall submit such request only through their respective Depository Participants. |
| **Delay in payment of redemption / repurchase proceeds** | The redemption or repurchase proceeds shall be dispatched to the unitholders within 3 Business days from the date of redemption or repurchase. The AMC shall be liable to pay interest to the Unitholders @ 15% p.a. or such other rate as may be prescribed by SEBI from time to time, in case the redemption / repurchase proceeds are not dispatched within 3 Business days from the date of receipt of the valid redemption/repurchase application, complete in all respects.<br><br>However, the AMC shall not be liable to pay any interest or compensation in case of any delay in processing the redemption application beyond 3 Business Days, in case of any deficiency in the redemption application or if the AMC/RTA is required to obtain from the Investor/Unit holders any additional details for verification of identity or bank details or such additional information under applicable regulations or as may be requested by a |

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| | Regulatory Agency or any government authority, which may result in delay in processing the application. |
| **Unclaimed redemptions and IDCWs** | As per Master circular dated May 19, 2023, Chapter 14.4-'Dispatch of Statement of Accounts', the unclaimed redemption and IDCW amounts shall be deployed by the Fund in call money market or money market instruments or in a separate plan of Overnight/Liquid/Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts. Provided that such schemes where the unclaimed amounts are deployed shall be schemes relatively low interest rate risk and relatively low credit risk.<br><br>The investment management fee charged by the AMC for managing such unclaimed amounts shall be capped as per the TER of direct plan of such scheme or at 50bps whichever is lower.<br><br>Investors claiming these amounts during a period of three years from the due date shall be paid initial unclaimed amount along-with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education. The AMC shall make a continuous effort to remind investors through letters to take their unclaimed amounts. |
| **Non Financial Transactions** | Non financial transactions will be accepted only for such investors who hold units in physical form (i.e. by way of an Account Statement). For those investors who hold units in Demat mode, all non- financial transactions such as Change in Address, Bank Mandate, Nominee Registration etc. should be routed directly through their DP's as per the format defined by the DPs. Non-financial transaction request from demat account holder submitted directly to the AMC/ Registrar are liable to be rejected. |
| **Investments made in the name of a Minor through a Guardian** | Pursuant to SEBI Master circular May 19, 2023 - Chapter 17.6, the following uniform process shall be applicable with respect to Investments made in the name of a minor through a guardian.<br>i. Payment for investment by means of Cheque, Demand Draft or any other mode shall be accepted from the bank account of minor, parent or legal guardian of minor, or from joint account of the minor with parent or legal guardian. For existing folios, AMC shall insist upon Change of payout bank mandate before redemption is processed. However, redemptions from investments made in the name of a minor shall be credited only to the verified bank account of minor, with effect from June 15, 2023.<br>ii. Existing unit holders are requested to review the Bank Account registered in the folio and ensure that the registered Bank Mandate is in favour of minor or joint with registered guardian in folio. If the registered Bank Account is not in favour of minor or not joint with registered guardian, unit holders will be required to submit the change of bank mandate, where minor is also a bank account holder (either single or joint with registered guardian), before initiation any redemption transaction in the folio, else the transaction is liable to get rejected.<br>iii. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC/ FATCA details, updated bank account details including cancelled original cheque leaf of the new account and his/her specimen signature duly authenticated by banker/guardian. Investors shall additionally note that, upon the minor attaining the status of major, no further transactions shall be allowed till the status of the minor is changed to major.<br>iv. The standing instructions registered for SIP, STP, SWP, IDCW Transfer Plan (DTP), etc., shall be suspended when the minor attains majority, till the status is changed to major. |

## B. PERIODIC DISCLOSURES

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| **Net Asset Value**<br><br>This is the value per unit of the Scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your Unit balance. | The AMC will calculate and disclose the NAVs on all the Business Days. The AMC shall update the NAVs on its website (www.itiamc.com) and on the website of the Association of Mutual Funds in India - AMFI (www.amfiindia.com) before 11.00 p.m. on every Business Day.<br><br>Considering the scheme will invest in units of Corporate Debt Market Development Fund ('CDMDF')*, in the event the NAV of CDMDF units is not available by 9:30 p.m. of same Business Day, NAV declaration timing for the scheme shall be 10 a.m. on next business day instead of 11 p.m. on same Business Day.<br>*(* Refer details of CDMDF under Point 12 of Section I.A. 'Risk Factors').*<br><br>In case of any delay, the reasons for such delay would be explained to AMFI in writing. If the NAVs are not available before the commencement of Business Hours on the following day due to any reason, the AMC shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.<br><br>Information regarding NAV can be obtained by the Unitholders / Investors by calling or visiting the nearest ISC. Investors may also call our Toll free number 1800-266-9603.<br><br>For the methodology of calculation of repurchase price, please refer section III 'Units and Offer', sub section B 'Ongoing Offer Details', under point 'Ongoing price for redemption (sale) / switch outs (to other schemes/plans of the Mutual Fund) by Investors' in the SID. |
| **Monthly / Half yearly / Fortnightly Disclosures: Portfolio / Financial Results**<br><br>This is a list of securities where the corpus of the Scheme is currently invested. The market value of these investments is also stated in portfolio disclosures. | The AMC shall disclose portfolio of the Scheme along with ISIN (and riskometer of scheme and benchmark) as on the last day of each month / half year on its website viz. www.itiamc.com and on the website of AMFI viz. www.amfiindia.com within 10 days from the close of each month/ half-year respectively in a user-friendly and downloadable spreadsheet format. In case of Unitholders whose e-mail addresses are registered, the AMC shall send via e-mail both the monthly and half-yearly statement of the Scheme portfolio within 10 days from the close of each month/ half-year respectively. The Risk-o-meter of the scheme undergoes an internal assessment based on various parameters, on a monthly basis and the same is disclosed along with the riskometer of the scheme's benchmark. The riskometer assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made<br><br>The AMC shall disclose the scheme portfolio for debt scheme within 5 days from the end of each fortnight on the website of the AMC "www.itiamc.com" and Association of Mutual Funds in India "www.amfiindia.com"<br><br>Further, the AMC shall publish an advertisement in all India edition of at least two daily newspapers, one each in English and Hindi, every half year disclosing the hosting of the half-yearly statement of the schemes' portfolio(s) on the AMC's website and on the website of AMFI. The AMC shall provide a physical copy of the statement of the Scheme portfolio, without charging any cost, on specific request received from a Unitholder.<br><br>The AMC will also provide a dashboard, in a comparable, downloadable (spreadsheet) and machine readable format, providing performance and key disclosures like Scheme's AUM, investment objective, expense ratios, portfolio details, scheme's past performance etc. on website. |

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| **Half Yearly Results** | The AMC shall within one month from the close of each half year (i.e. 31st March and 30th September), host a soft copy of its unaudited financial results on its website www.itiamc.com. The AMC shall also publish an advertisement disclosing the hosting of such financial results on its website, in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Mutual Fund is situated. The unaudited financial results shall also be displayed on the website of AMFI. |
| **Annual Report** | The scheme wise annual report shall be hosted on the website of the AMC / Mutual Fund (www.itiamc.com) and AMFI (www.amfiindia.com) not later than four months (or such other period as may be specified by SEBI from time to time) from the date of closure of the relevant accounting year (i.e. 31st March each year). Further, the physical copy of the scheme wise annual report shall be made available to the Unitholders at the registered / corporate office of the AMC at all times.<br><br>In case of Unitholders whose e-mail addresses are registered with the Fund, the AMC shall e-mail the annual report or an abridged summary thereof to such Unitholders. The Unitholders whose e-mail addresses are not registered with the Fund may submit a request to the AMC / Registrar & Transfer Agent to update their email ids or communicate their preference to continue receiving a physical copy of the scheme wise annual report or an abridged summary thereof. Unitholders may also request for a physical or electronic copy of the annual report / abridged summary, by writing to the AMC at mfassist@itiorg.com from their registered email ids or calling the AMC on the toll free number 1800-266-9603 or by submitting a written request at any of the nearest investor service centers of the Fund.<br><br>Further, the AMC shall publish an advertisement in all India edition of at least two daily newspapers, one each in English and Hindi, every year disclosing the hosting of the scheme wise annual report on its website and on the website of AMFI. The AMC shall provide a physical copy of the abridged summary of the annual report, without charging any cost, on specific request received from a Unitholder. |
| **Associate Transactions** | Please refer to Statement of Additional Information (SAI). |
| **Taxation**<br><br>This is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorized dealers with respect to the specific amount of tax and other implications arising out of his or he participation in the schemes. | ITI Mutual Fund is a Mutual Fund registered with SEBI and is governed by the provisions of Section 10(23D) of the Income Tax Act, 1961. Accordingly, any income of a fund set up under a scheme of a SEBI registered mutual fund is exempt from tax. The following information is provided only for general information purposes and is based on the Mutual Fund's understanding of the Tax Laws as of this date of Document.<br><br>Investors / Unitholders should be aware that the relevant fiscal rules or their explanation may change. There can be no assurance that the tax position or the proposed tax position will remain same. In view of the individual nature of tax benefits, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Scheme. |

I) **Income Tax Rates (*)**

| Category of Units | Residents | NRI/ PIO & Other Non-resident other than FII | FIIs |
|---|---|---|---|
| **Short Term Capital Gain on specified Mutual Fund** | | | |
| Units of a specified Mutual Funds (Note 1) | Taxable at normal rates of tax applicable to the assessee Resident Companies : 25%*$/ 30%* | In respect of non-resident non corporate, taxable at normal rates of tax applicable to the assessee.<br>In respect of non-resident corporate : 40% | 30%<br>(u/s 115AD) |

Note 1 – As per amendment to Finance Bill, 2023 gains arising on transfer, redemption or maturity of specified mutual funds acquired on or after 01st April 2023 will deemed to be 'short term capital gains' (Regardless of the period of holding)

Specified Mutual Fund means a mutual fund by whatever name called, where not more than 35% of its total proceeds is invested in the equity shares of domestic company.

Accordingly, gains arising on transfer, redemption or maturity of specified mutual funds which were acquired before 1 April 2023 and are held for a period of more than 36 months shall continue to be taxable at the following rates.

**Long Term Capital Gain (Period of Holding More than 36 months)**

| Category of Units | Residents | NRI/ PIO & Other Non-resident other than FII | FIIs |
|---|---|---|---|
| Listed units of a non-equity oriented scheme | 20% with indexation (u/s 112)* | 20% with indexation (u/s 112)* | 10% (u/s 115AD) * |
| Unlisted units of a non-equity oriented scheme | 20% with indexation (u/s 112) | 10% without indexation and no exchange fluctuation (u/s 112) | 10% (u/s 115AD) |

$ For AY 2032-24, tax shall be levied at 25% if the total turnover or gross receipts in the financial year 2021-22 does not exceed Rs. 400 crore."

**II) TDS Rates (*)**

| Category of Units | Residents | NRI/ PIO & Other Non-resident other than FII | FIIs |
|---|---|---|---|
| **Short Term Capital Gain on Specified Mutual Fund** | | | |
| Units of a specified Mutual Fund (Note 2) | NIL | 30% for non-residents non-corporates<br>40% for non-resident corporate (u/s 195) | Nil (u/s 196D) |

Note 2 – As per amendment to Finance Bill, 2023 gains arising on transfer, redemption or maturity of specified mutual funds acquired on or after 01st April 2023 will deemed to be 'short term capital gains' (Regardless of the period of holding)

Specified Mutual Fund means a mutual fund by whatever name called, where not more than 35% of its total proceeds is invested in the equity shares of domestic company.

Accordingly, gains arising on transfer, redemption or maturity of specified mutual funds which were acquired before 1 April 2023 and are held for a period of more than 36 months withholding tax shall be at the following rates :

**Long Term Capital Gain (Period of Holding >= 36 months)**

| Category of Units | Residents | NRI/ PIO & Other Non-resident other than FII | FIIs |
|---|---|---|---|
| Listed units of a non-equity oriented scheme | NIL | 20% with indexation (u/s 112) | Nil (u/s 196D) |
| Unlisted units of a non-equity oriented scheme | NIL | 10% without indexation and no exchange fluctuation (u/s 112) | Nil (u/s 196D) |

(*) plus surcharge and cess as applicable

W.e.f. April 1, 2020, Mutual fund shall be required to deduct TDS at 10% only on dividend payment (above Rs 5,000) & no tax shall be required to be deducted by the mutual fund on income which is in the nature of capital gain.

For further details on taxation, please refer to the Section on 'Taxation on investing in Mutual Funds' in 'Statement of Additional Information ('SAI'). Investors should be aware that the fiscal rules/ tax laws may change and there can be no guarantee that the current tax position may continue indefinitely.

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| **Stamp Duty** | Pursuant to Notification No. S.O. 1226(E) and G.S.R. 226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of The Finance Act, 2019, notified on February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India, a stamp duty @0.005% of the transaction value of units would be levied on applicable mutual fund inflow transactions, with effect from July 1, 2020. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including Reinvestment of Income Distribution cum capital withdrawal and Transfer of Income Distribution cum capital withdrawal) to the unitholders would be reduced to that extent. |
| **Investor Services** | For any enquiries and/or queries or complaints in respect of any terms and conditions of/investments in this Scheme, the investors are advised to address a suitable communication to AMC and marked to the attention of Investor Relations Officer – **Ms. Nimisha Keny** at 022-69153527and mfassist@itiorg.com.<br><br>**Written communications may also be forwarded to :**<br>36, ITI House, Dr. R K Shirodkar Marg<br>Parel), Mumbai 400 012<br><br>Our Investor Relations Executives can also be reached at the following Toll Free No. – 1800-266- 9603 any grievances with respect to transactions through BSE StAR and / or NSE MFSS / NMF-II platform, the investors / Unit Holders should approach either the stock broker or the investor grievance cell of the respective stock exchange. |

## D. COMPUTATION OF NAV

The Net Asset Value (NAV) per unit of the Scheme for each option will be computed by dividing the net assets of the Scheme by the number of units outstanding on the valuation day. The AMC will value its investments according to the valuation norms, as specified in Schedule VIII of the SEBI (MF) Regulations, or such norms as may be specified by SEBI from time to time.

The NAV of the Units under the Scheme will be calculated on a daily basis as shown below:

$$\textbf{NAV per unit (Rs.)} = \frac{\textbf{(Market / Fair Value of Scheme's Investments + Current Assets including Accrued Income - Current Liabilities and Provisions)}}{\textbf{No. of units outstanding under the Scheme / Option on the valuation day}}$$

The NAV shall be calculated up to four decimal places. However the AMC reserves the right to declare the NAVs up to additional decimal places as it deems appropriate. Separate NAV will be calculated and disclosed for each Plan/Option. The NAVs of the Growth Option and the IDCW Option will be different after the declaration of the first IDCW. The AMC will calculate and disclose the NAVs will be calculated for all the business Days.

**Rounding off policy for NAV:**

To ensure uniformity, the AMC shall round off NAVs up to four decimal places.

The fourth decimal will be rounded off to the next higher digit if the fifth decimal is or more than 5 i.e., if the NAV is Rs. 1000.13745 it will be rounded off to Rs.1000.1375.

## IV. FEES AND EXPENSES

This section outlines the expenses that will be charged to the Scheme.

### A. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the Scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar & Transfer Agent's fee, marketing and selling costs etc. as given in the table specified below:

The AMC has estimated following maximum expenses for the first 500 crores of the daily net assets of the Scheme, which will be charged to the Scheme. The same may be reduced to the extent of increase in the corpus size. For the actual current expenses being charged, the Investor should refer to the website of the AMC.

| Sr. No | Expenses Head | (% of Daily Net Assets |
|---|---|---|
| i. | Investment Management & Advisory Fees | Upto 2.00% |
| ii. | Trustee Fees | |
| iii. | Audit Fees | |
| iv. | Custodian Fees | |
| v. | RTA Fees | |
| vi. | Marketing & Selling expenses incl. agent commission | |
| vii | Costs related to investor communications | |
| viii. | Cost of fund transfer from location to location | |
| ix. | Cost of providing account statements and IDCW redemption cheques and warrants | |
| x. | Costs of statutory advertisements | |
| xi. | Cost towards investor education & awareness (at least 0.02 percent) | |
| xii. | Brokerage & transaction cost over and above 0.12 percent and 0.05 percent for cash and derivative market trades respectively | |
| xiii. | Goods and Services tax on expenses other than investment and advisory fees | |
| xiv. | Goods and Services tax on brokerage and transaction cost | |
| xv. | Other Expenses# | |
| **A.** | **Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c)** | **Upto 2.00%** |
| B. | Additional expenses under regulation 52 (6A) (c) | **Upto 0.05%** |
| C. | Additional expenses for gross new inflows from specified cities under Regulation 52(6A)(b) | **Upto 0.30%** |

# Any other expenses which are directly attributable to the Schemes, may be charged within the overall limits as specified in the Regulations, except those expenses which are specifically prohibited as per Regulations.

These estimates have been made in good faith as per the information available to the Investment Manager and are subject to change inter-se or in total subject to prevailing Regulations. The AMC may incur actual expenses which may be more or less than those estimated above under any head and/or in total. Type of expenses charged shall be as per the SEBI Regulations.

The expenses towards Investment Management and Advisory Fees under Regulation 52 (2) and the various sub-heads of recurring expenses mentioned under Regulation 52 (4) of SEBI (MF) Regulations are apportionable without any internal cap in nature. Thus, there shall be no internal sub-limits within the expense ratio for expense heads mentioned under Regulation 52 (2) and (4) respectively.

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.

Goods and Services tax on expenses other than the investment management and advisory fees, if any, shall be charged to the Scheme within the maximum limit of total expense ratio as prescribed under regulation 52 of the SEBI (MF) Regulations. Goods and Services tax on brokerage and transaction cost paid for execution of trade, if any, shall be within the limit prescribed under regulation 52 of the SEBI (MF) Regulations.

In terms of SEBI Master circular dated May 19, 2023,Chapter 10 – 'Loads, fees, charges and expenses', the AMC shall annually set apart at least 0.02% on daily net assets within the maximum limit of recurring expenses as per Regulation 52 for investor education and awareness initiatives.

The total expenses of the Scheme including the investment management and advisory fee shall not exceed the limits stated in Regulation 52(6) which are as follows:

(i) On the first Rs. 500 crores of the daily net assets – 2.00%;
(ii) On the next Rs. 250 crores of the daily net assets – 1.75%;
(iii) On the next Rs. 1,250 crores of the daily net assets – 1.50%;
(iv) On the next Rs. 3,000 crores of the daily net assets – 1.35%;
(v) On the next Rs. 5,000 crores of the daily net assets – 1.25%
(vi) On the next Rs. 40,000 crores of the daily net assets – Total expense ratio reduction of 0.05% for every increase of Rs. 5,000 crores of daily net assets or part thereof.
(vii) On the balance of the assets – 0.80%;

In addition to the limits specified in Regulation 52 (6) of SEBI Regulations, the following costs or expenses may be charged to the Scheme under Regulation 52 (6A) of SEBI Regulations:

(a) Brokerage and transaction cost incurred for the purpose of execution shall be charged to the schemes as provided under Regulation 52 (6A) (a) upto 12 bps and 5 bps for cash market transactions and derivatives transactions respectively. Any payment towards brokerage & transaction costs, over and above the said 12 bps and 5 bps for cash market transactions and derivatives transactions respectively may be charged to the Scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under Regulation 52 of the SEBI (Mutual Finds) Regulations, 1996.

(b) Expenses not exceeding of 0.30 per cent of daily net assets, if the new inflows from such cities as specified by SEBI/AMFI from time to time are at least –
(i) 30 per cent of gross new inflows in the Scheme, or;
(ii) 15 per cent of the average assets under management (year to date) of the Scheme, whichever is higher:
Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub- clause (ii), such expenses on daily net assets of the Scheme shall be charged on proportionate basis: Provided further that expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities.

Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment. Provided further that, additional TER can be charged based on inflows only from retail investors from B30 cities in terms of SEBI Master circular dated May 19, 2023,Chapter 10 – 'Loads, fees, charges and expenses . For this purpose inflows of amount upto Rs 2,00,000/- per transaction, by individual investors shall be considered as inflows from "retail investor". *Investors may kindly note that SEBI vide its letter no. SEBI/HO/IMD-SEC 3/P/OW/2023/5823/1 dated February 24, 2023 and AMFI vide letter no. 35P/MEM-COR/85-a/2022-23 dated March 02, 2023 has directed AMCs to keep B-30 incentive structure in abeyance with effect from March 01, 2023 until further notice.*

(c) Goods and Services tax on investment management and advisory fees shall be charged to the Scheme, in addition to the above expenses, as prescribed under the SEBI (MF) Regulations. All Scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall necessarily be paid from the Scheme only within the regulatory limits and not from the books of the AMC, its Associate, Sponsor, Trustee or any other entity through any route. However, expenses that are very small in value but high in volume may be paid out of AMC's books at actuals or not exceeding 2 bps of respective Scheme AUM, whichever is lower. A list of such miscellaneous expenses will be as provided by AMFI in consultation with SEBI.

Any circular/clarification issued by SEBI in regard to expenses chargeable to the Scheme/Plan(s) will automatically become applicable and will be incorporated in the SID/SAI/KIM accordingly.

The current expense ratios will be updated on the AMC website and on the AMFI website at least three working days prior to the effective date of the change. The exact web link for TER is http://www.itiamc.com/statutory-disclosure/total- expense-ratio.

**Illustration: Impact of Expense Ratio on the Scheme's return**

| **Particulars** (all figures in INR) | **Regular Plan** | **Direct Plan** |
|---|---|---|
| Amount invested at the beginning of the year | 10,000 | 10,000 |
| Returns before expenses | 1500 | 1500 |
| Less:Expenses other than Distribution expenses | 150 | 150 |
| Less:Distribution expenses | 50 | 0 |
| **Returns after expenses at the end of the year** | **1300** | **1350** |

**Notes:**
1. The above computation assumes investment is made in the Growth option of the scheme.
2. The above computation is simply to illustrate the impact of expenses on the plans. The actual expenses charged to the schemes will not be more than the amount that can be charged to the scheme as mentioned in this SID.
3. It is assumed that expenses charged are evenly distributed throughout the year. Tax impact on customers has not been considered due to the individual nature of this impact.

## C. LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the Scheme. This amount is used by the AMC to pay commission to the distributors 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.itiamc.com) or may call at 1800-266-9603 or your distributor.

| **Applicable Load Structure #** | |
|---|---|
| **Entry Load** | Not Applicable<br><br>Pursuant to SEBI Master Circular dated May 19, 2023, no entry load will be charged by the Scheme to the investor. 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 (as a % of Applicable NAV)** | Exit Load: NIL |

# Applicable for normal subscriptions/redemptions including transactions under special products such as SIP, SWP, etc. offered by the AMC.

There shall be no exit load for switches between the options under the same Plan. Switch of investments from Regular Plan to Direct Plan under the Scheme shall be subject to applicable exit load, unless the investments were made directly
i.e. without any distributor code. However, any subsequent switch-out or redemption of such investments from Direct Plan will not be subject to any exit load.

No exit load shall be levied for switch-out from Direct Plan to Regular Plan under the Scheme. However, any subsequent switch-out or redemption of such investment from Regular Plan shall be subject to exit load based on the original date of investment in the Direct Plan.

There shall be no load on issue of units allotted on reinvestment of IDCW for existing as well as prospective investors.

The AMC/Trustee reserves the right to change/modify the Load structure of the Scheme, subject to maximum limits as prescribed under the Regulations. While determining the price of the units, the mutual fund shall ensure that the repurchase price of an open ended scheme is not lower than 95 per cent of the Net Asset Value Any imposition or enhancement of Load in future shall be applicable on prospective investments only. At the time of changing the Load Structure:

1. An Addendum detailing the changes will be attached to Scheme Information Document (s) and Key Information Memorandum. The addendum may be circulated to all the distributors/brokers so that the same can be attached to all Scheme Information Documents and Key Information Memoranda already in stock.

2. The addendum will be displayed on the website of the AMC and arrangements will be made to display the addendum in the form of a notice in all the Investor Service Centres and distributors/brokers office.

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

4. A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.

5. Any other measure which the Mutual Fund may consider necessary.

The investors/unitholders are requested to check the prevailing load structure of the Scheme before investing.

For the current applicable exit load structure, please refer to the website of the AMC (www.itiamc.com) or may call at 1800- 266-9603 (toll free no.) or your distributor.

### D. WAIVER OF LOAD FOR DIRECT APPLICATIONS

Not Applicable

### E. TRANSACTION CHARGES TO DISTRIBUTORS

In accordance with SEBI Master Circular dated May 19, 2023, Chapter 10.5 – Transaction Charges, the AMC/ Fund shall deduct a Transaction Charge on per purchase /subscription of Rs. 10,000/- and above, as may be received from new investors (an investor who invests for the first time in any mutual fund schemes) and existing investors. The distributors shall have an option to either "Opt-in / Opt-out" from levying transaction charge based on the type of product. Therefore, the "Opt-in / Opt-out" status shall be at distributor level, basis the product selected by the distributor.

Transaction charges shall be deducted for Applications for purchase/ subscription received through distributor/ agent as under (only if that distributor / agent has opted to receive the transaction charges):

| Investor Type | Transaction Charges |
|---|---|
| New Investor (First Time Mutual Fund Investor) | Transaction charge of Rs.150/- for per purchase / subscription of Rs.10,000 and above will be deducted from the subscription amount and paid to the distributor/agent of the first time investor. The balance of the subscription amount shall be invested. |
| Existing Investor | Transaction charge of Rs.100/- for per purchase / subscription of Rs.10,000 and above will be deducted from the subscription amount and paid to the distributor/agent of the first time investor. The balance of the subscription amount shall be invested. |

The transaction charges and the net investment amount and the number of units allotted will be clearly mentioned the Account Statement issued by the Mutual Fund.

In case of investments through Systematic Investment Plan (SIP) the transaction charges shall be deducted only if the total commitment through SIP (i.e. amount per SIP installment x No. of installments) amounts to Rs. 10,000/-and above. In such cases, the transaction charges shall be deducted in 3-4 installments.

Transaction charges shall not be deducted if:

a. The amount per purchases /subscriptions is less than Rs. 10,000/-;

b. The transaction pertains to other than purchases/ subscriptions relating to new inflows such as Switch/ SIP/SWP/STP etc.

c. Purchases/Subscriptions made directly with the Fund through any mode (i.e. not through any distributor/ agent).

d. Subscription made through Exchange Platform irrespective of investment amount.

## V. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

## VI. PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

This section shall contain the details of penalties, pending litigation, and action taken by SEBI, other regulatory and Govt. Agencies.

**All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed** - Not Applicable

**In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed** - Kindly refer the below details for ITI as Sponsor.

| Sr. No. | Details of penalty levied | Amount |
|---|---|---|
| 1 | Penalty levied by RBI towards delay in reporting of foreign investment In India for AIF in financial year 2022-2023 | Rs. 4,07,706.00 |
| 2 | Penalty levied by NSE for non-compliance of Corporate Governance Requirements of SEBI-LODR in the financial year 2020-2021 | Rs. 10,74,000 |
| 3 | Penalty levied by BSE for non-compliance of Corporate Governance Requirements of SEBI-LODR in the financial year 2020-2021 | Rs. 13,45,000 |

**Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.**

Securities and Exchange Board of India (SEBI) issued a show-cause notice dated May 19, 2020 ("SCN") to inter alia, Mr. Sudhir V. Valia (an Associate director on the Board of ITI Mutual Fund Trustee Private Limited) (the "Noticee"), in his capacity as Whole Time Director of Sun Pharmaceutical Industries Ltd ("SPIL") for the alleged non-compliance with the provision of regulations 4(2)(f), 23(2) and 23(4) of SEBI (LODR) Regulations, 2015. In this regard, a settlement Application was filed with SEBI by the Noticee proposing the settlement amount of Rs. 37,41,000/- without admission or denial of the finding of the facts and conclusion of law in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2018 in respect of the SCN. In connection with the above, after receipt of the proposed settlement amount, SEBI has issued a Settlement Order (Order No. SO/VV/AA/2020-21/4165 dated February 11, 2021 and has disposed off the aforesaid adjudication proceedings initiated against the Noticee.

**Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately**. - Not Applicable

**Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed**. - Not Applicable

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

**For and on behalf of ITI Asset Management Limited**

**Sd/-**

**Hitesh Thakkar**
**Acting Chief Executive Officer**

**Date: October 30, 2023**

**Place: Mumbai**

# LIST OF OFFICIAL POINTS OF CONTACTS/ACCEPTANCE OF TRANSACTIONS

## OFFICE OF ITI ASSET MANAGEMENT LIMITED

**ASSAM:** 5H, 5th Floor, Dihang Arcade, ABC,G S Road, **Guwahati** -781005. • **BIHAR:** 403, 4th Floor, Ashiana Hariniwas, New Dak Bunglow Road, **Patna** - 800 001. • **CHANDIGARH:** SCO No.2469-2470, 1st floor, Sector 22 C, **Chandigarh** – 160022. • Shop No F-14, 1St Floor, Raheja Tower, Near Fafadih Square, Jail Road, **Raipur** - 492001. **GUJARAT:** 102, 6th Avenue, Nr. Mithakali Cross Road, Above SBI Bank, Navrangpura, **Ahmadabad** – 380009. • Emrald ONE- C 274, 2nd Floor, Windward Business Hub, Jetalpur Road, Alkapuri, **Vadodara** - 390 007. • 6th Floor, 606, The Imperia Building, Opp Shastri Maidan, Limda Chowk, **Rajkot** - 360001 • **JHARKHAND:** 106, 1st Floor, Satya Ganga Arcade, Lalji Hirji Road, **Ranchi** -834001. • 8th Sanghi Maision, 1st Floor ,Near Ram Mandir Area,Main Road Bistupur, **Jamshedpur** - 831001. • **KARNATAKA:** Office No. 809, 8th Floor, Prestige Meridian-I, M G Road, **Bengaluru** - 560001. • **KERALA:** TC NO: 2/5363, Kunnumpuram, Ambujavilasam Road,**Trivandrum**-695001. • P M Arcade, 1st Floor, Near Panthal cake Shop, Kaloor Kadavanthra Road, **Kochi** - 682017. • **MADHYA PRADESH:** 120 Starlit Tower 1st Floor, 29/1 Y N Road, Opposite SBI, **Indore**-452002. • **MAHARASHTRA:** 310, Jalaram Business centre, Ganjawala Lane, Above Axis Bank, Near Ganjawala Circle, Borivali West, **Mumbai** - 400092 • 89 Ararat, Shop No 1, Ground Floor, Nagindas Master Road, Opp Axis Bank, Near Dwarka Hotel, Fort, **Mumbai** - 400001 • **Maharashtra:** Aditya Centeegra, Office No.18, 3rd Floor, Dnyaneshwar Paduka Chowk, Fergusson College Rd, Shivaji Nagar, **Pune** - 411 004. • **NEW DELHI:** Office No: 704-705, 7th Floor, Ashoka Estate Building, Barakhamba Road, Connaught Place, **New Delhi** - 110001 • **ORISSA:** Plot No 381/5/A, 1st Floor, 5 Janpath Road, Behind Kalsi Petrol Pump, Kharvel Nagar, **Bhubaneswar** - 751001 • **PUNJAB:** S.C.O 8,1st Floor Equinox Building, Feroze Gandhi Market, **Ludhiana** -141001. • **RAJASTHAN:** 401, 4th Floor, City Corporate, D-3, Malviya Marg, C-Scheme, **Jaipur** - 302001. • **TAMIL NADU:** 2nd Floor, Alamelu Tower, Old No. 168, New No. 225, Anna Salai, Opp. to Spencerz Plaza, **Chennai** - 600 002. • **TELANGANA:** 6-3-1085/D/702, 203, 2ND Floor, Dega Towers, Rajbhavan Road, Somajiguda, **Hyderabad** - 500083. • **UTTARAKHAND:** 1st Floor, Ankur Tower, 166/296, Rajpur Road, behind HDFC Bank, **Dehradun** - 248001. • **UTTAR PRADESH:** Office No: 111,1st floor, Kan Chamber,Civil Lines, **Kanpur** - 208001. • 8 Upper Ground floor, Vaishali Arcade, 6 Park Road, Hazratganj, **Lucknow** - 226001. • 1st floor, office No 4, Kuber Complex, D 58/2 Rathyatra, **Varanasi** 221106. • **WEST BENGAL:** 2/11, 1st floor , Suhatta Mall,City center, **Durgapur** - 713216 • Marble Arch, 5th floor, Room No 504, 236B Lee Road, Beside HP Petrol Pump, **Kolkata** - 700020. • Shop No. 11, Shelcon Plaza, 3rd floor, Sevoke Road, **Siliguri** - 734 001.

## BRANCH OFFICES OF KFIN TECHNOLOGIES LIMITED

**ANDHRA PRADESH:** D No 4-4-97, First Floor, Behind Sri Vijayaganapathi Temple, Pedda Relli Veedhi, Palakonda Road, **Srikakulam** 532001 • Shop No:18-1-421/F1, CITY Center, K.T.Road, Airtel Backside Office, **Tirupathi** - 517501 • HNo26-23, 1st Floor, Sundarammastreet, GandhiNagar, Krishna, **Vijayawada** 520010 • DNO : 48-10-40, Ground Floor, Surya Ratna Arcade, Srinagar, Opp. Road to Lalitha Jeweller Showroom, Beside Taj Hotel Ladge, **Visakhapatnam** 530016 • #13/4, Vishnupriya Complex, Beside SBI Bank, Near Tower Clock, **Ananthapur** 515001. • 2nd Shatter, 1st Floor,Hno. 6-14-48, 14/2 Lane, Arundal Pet, **Guntur** 522002 • Shop No:47, 2nd Floor, S Komda Shoping Mall, **Kurnool** 518001 • No. 46-23-10/A, Tirumala Arcade, 2nd floor, Ganuga Veedhi, Danavaipeta, Rajahmundry, East Godavari Dist, **Andhra Pradesh** - 533103. • DNO-23A-7-72/73K, K S Plaza, Munukutla Vari Street, Opp Andhra Hospitals, R R Peta, **Eluru** 534002 • **ASSAM:** Ganapati Enclave, 4th Floor, Opposite Bora Service, Ullubari, Guwahati, **Assam** 781007 • N.N. Dutta Road, Chowchakra Complex, Premtala, **Silchar** 788001 • **BIHAR:** 3A 3rd Floor, Anand Tower, Exhibition Road, Opp ICICI Bank, **Patna** 800001 • Property No. 711045129, Ground Floor, Hotel Skylark, Swaraipuri Road, **Gaya** 823001 • C/o Dr Hazari Prasad Sahu, Ward No 13, Behind Alka Cinema, Begusarai (Bihar), **Begusarai** 851117 • 2nd Floor, Chandralok Complex, Ghantaghar, Radha Rani Sinha Road, **Bhagalpur** 812001. • 2nd Floor, Raj Complex, Near Poor Home, **Darbhanga** - 846004. • First Floor, Saroj Complex, Diwam Road, Near Kalyani Chowk, **Muzaffarpur** 842001 • **CHANDIGARH (Union Territory):** First Floor, SCO 2469-70, Sec. 22-C, **Chandigarh** 160022 • **CHATISGARH:** Office No S-13, Second Floor, Reheja Tower, Fafadih Chowk, Jail Road, **Raipur** 492001 • Office No.2, 1st Floor, Plot No. 9/6, Nehru Nagar (East), **Bhilai** 490020 • Shop.No.306, 3rd Floor, Anandam Plaza, Vyapar Vihar Main Road, **Bilaspur** 495001 • **GOA:** Shop No 21, Osia Mall, 1st Floor, Near KTC Bus Stand, Sgdpa Market Complex, **Margao** - 403601 • **GOA:** H. No: T-9, T-10, Affran Plaza, 3rd Floor, Near Don Bosco High School, **Panjim** 403001 • **GUJARAT:** Office No. 401, 4th Floor, ABC-I, Off. C.G. Road, **Ahmedabad** 380009 • B-42 Vaibhav Commercial Center, Nr TVS Down Town Shrow Room, Grid Char Rasta, **Anand** 380001 • 1st Floor 125 Kanha Capital, Opp. Express Hotel, R C Dutt Road, Alkapuri, **Vadodara** 390007 • 123 Nexus business Hub, Near Gangotri Hotel, B/s Rajeshwari Petroleum, Makampur Road, **Bharuch** 392001 • 303 Sterling Point, Waghawadi Road, **Bhavnagar** 364001 • Shop # 12, Shree Ambica Arcade Plot # 300, Ward 12., Opp. CG High School, Near HDFC Bank, **Gandhidham** 370201 • 123 First Floor, Megh Malhar Complex, Opp. Vijay Petrol Pump, Sector - 11, **Gandhinagar** 382011 • 131 Madhav Plazza, Opp SBI Bank, Nr Lal Bunglow, **Jamnagar** 361008 • Shop No. 201, 2nd Floor, V-Arcade Complex, Near Vanzari Chowk, M.G. Road, **Junagadh** 362001 • FF-21 Someshwar Shopping Mall, Modhera Char Rasta, **Mehsana** 384002 • 311-3rd Floor City Center, Near Paras Circle, **Nadiad** 387001 • 103 1st Floore Landmark Mall,Near Sayaji Library, Navsari Gujarat, **Navsari** 396445 • 302 Metro Plaza, Near Moti Tanki Chowk, Rajkot, **Rajkot** 360001 • Ground Floor, Empire State building, Near Udhna Darwaja, Ring Road, **Surat** 395002 • 406 Dreamland Arcade, Opp Jade Blue, Tithal Road, **Valsad** 396001 • A-8 Second Floor, Solitaire Business Centre, Opp DCB Bank, GIDC Char Rasta, Silvassa Road, **Vapi** 396191 **HARYANA:** 6349, 2nd Floor, Nicholson Road, Adjacent Kos Hospital, Ambala Cant, **Ambala** 133001 • No: 212A, 2nd Floor, Vipul Agora, M. G. Road, **Gurgaon** 122001 • Shop No. 20, Ground Floor, R D City Centre, Railway Road, **Hissar** 125001 • Shop No. 20, 1st Floor BMK, Market, Behind HIVE Hotel, G.T.Road, **Panipat**-132103. • Office No:- 61, First Floor, Ashoka, Plaza, Delhi Road, **Rohtak** 124001. • Shop no. 205 PP Tower, Opp income Tax Office, Subhash Chowk **Sonepat** 131001.• B-V, 185/A, 2nd Floor, Jagadri Road, Near DAV Girls College, (UCO Bank Building), Pyara Chowk, **Yamuna Nagar** 135001 • A-2B 2nd Floor, Neelam Bata Road, Peer ki Mazar, Nehru Groundnit, **Faridabad** 121001 • 3 Randhir Colony, Near Doctor J.C. Bathla Hospital, **Karnal** 132001 (Haryana). • **HIMACHAL PRADESH:** House No. 99/11, 3rd Floor, Opposite GSS Boy School, School Bazar, **Mandi** 175001 • 1st Floor, Hills View Complex, Near Tara Hall, **Shimla** 171001 • Disha Complex, 1st Floor, Above Axis Bank, Rajgarh Road, **Solan** 173212 • **JAMMU & KASHMIR:** 1D/D Extension 2, Valmiki Chowk, Gandhi Nagar, **Jammu** 180004. • **JHARKHAND:** City Centre, Plot No. He-07, Sector-IV, Bokaro Steel City, **Bokaro** 827004 • 208 New Market 2Nd Floor, Bank More, **Dhanbad** 826001 • Room No 307 3rd Floor, Commerce Tower, Beside Mahabir Tower, **Ranchi** 834001 • Madhukunj, 3rd Floor, Q Road, Sakchi, Bistupur, East Singhbhum, **Jamshedpur** 831001 • **KARNATAKA:** No 35, Puttanna Road, Basavanagudi, **Bangalore** 560004 • Premises No.101, CTS NO.1893, Shree Guru Darshani Tower, Anandwadi, Hindwadi, **Belgaum** 590011 • D.No 162/6, 1st Floor, 3rd Main, P J Extension, Davangere Taluk, Davangere Manda, **Davangere** 577002 • H NO 2-231, Krishna Complex, 2nd Floor, Opp. Municipal Corporation Office, Jagat, Station Main Road, Kalaburagi, **Gulbarga** 585105 • SAS NO: 490, Hemadri Arcade, 2nd Main Road, Salgame Road, Near Brahmins Boys Hostel, **Hassan** 573201 • R R Mahalaxmi Mansion, Above Indusind Bank, 2nd Floor, Desai Cross, Pinto Road, **Hubballi** 580029 • Shop No - 305, Marian Paradise Plaza, 3rd Floor, Bunts Hostel Road, **Mangalore** - 575003. • No 2924, 2nd Floor, 1st Main, 5th Cross, Saraswathi Puram, **Mysore** 570009 • Jayarama Nilaya, 2nd Corss, Mission Compound, **Shimoga** 577201 • **KERALA:** Second Floor, Manimuriyil Centre, Bank Road, Kasaba Village, **Calicut** 673001 • Ali Arcade, 1st Floor, Kizhavana Road, Panampilly Nagar, Near Atlantis Junction, **Ernakualm** 682036 • 2nd Floor, Global Village, Bank Road, **Kannur** 670001 • Sree Vigneswara Bhavan, Shastri Junction, **Kollam** - 691001 • 1st Floor, Csiascension Square, Railway Station Road, Collectorate P O, **Kottayam** 686002 • No: 20 & 21, Metro Complex, H.P.O. Road Palakkad, H.P.O. Road, **Palakkad** 678001 • 2nd Floor, Erinjery Complex, Ramanchira, Opp Axis Bank, **Thiruvalla** 689107 • 4th Floor, Crown Tower, Shakthan Nagar, Opp. Head Post Office, **Thrissur** 680001 • 1st Floor, Marvel Building Opp, SL Electricals, Uppalam Road, Statue PO, **Trivandrum** 695001 • **MADHYA PRADESH:** SF-13 Gurukripa Plaza, Plot No. 48A, Opposite City Hospital, Zone-2, M P Nagar, **Bhopal** 462011 • 101, Diamond Trade Center, 3-4 Diamond Colony, New Palasia, Above Khurana Bakery, **Indore** • 2nd Floor, 290/1 (615-New), Near Bhavartal Garden, **Jabalpur** - 482001 • II floor, Above Shiva Kanch Mandir, 5 Civil Lines, Sagar, **Sagar** 470002 • Heritage Shop No. 227, 87 Vishvavidhyalaya Marg, Station Road, Near ICICI Bank, Above Vishal Megha Mart, Ujjain 456001 • City Centre, Near Axis Bank, **Gwalior** 474011 • House No. HIG 959, Near Court, Front of Dr. Lal Lab, Old Housing Board Colony, **Morena** 476001 • Shop No. 2, Shree Sai Anmol Complex, Ground Floor, Opp Teerth Memorial Hospital, **Rewa** 486001 • 1st Floor, Gopal Complex, Near Bus Stand Rewa Roa, **Satna** 485001 • A. B. Road, In Front of Sawarkar Park, Near Hotel Vanasthali, **Shivpuri** 473551 • **MAHARASHTHRA:** Shop No.4, Santakripa Market, G G Road, Opp. Bank of India, **Nanded** 431601 • Shop No 106, Krishna Complex, 477, Dakshin Kasaba, Datta Chowk, **Solapur** 413007 • Yamuna Tarang Complex Shop No 30, Ground Floor, N.H. No- 06 Murtizapur Road, Opp Radhakrishna Talkies, **Akola** 444004 • Shop No. 21, 2nd Floor, Gulshan Tower, Near Panchsheel Talkies, Jaistambh Square, **Amaravathi** 444601 • Shop no B 38, Motiwala Trade Center, Nirala Bazar, **Aurangabad** 431001 • Ground Floor, Ideal Laundry Lane No 4, Khol Galli, Near Muthoot Finance, Opp Bhavasar General Store, **Dhule** 424001 • 3rd floor, 269 JAEE Plaza, Baliram Peth, Near Kishore Agencies, **Jalgaon** 425001 • Plot No. 2, Block No. B / 1 & 2, Shree Apratment, Khare Town, Mata Mandir Road, Dharampeth, **Nagpur** 440010 • S-9 Second Floor, Suyojit Sankul, Sharanpur Road, **Nasik** 422002 • 605/1/4 E Ward Shahupuri 2nd Lane, Laxmi Niwas, Near Sultane Chambers, **Kolhapur** 416001 • 6/8 Ground Floor, Crossley House, Near BSE (Bombay Stock Exchange), Next Union Bank, Fort, **Mumbai** - 400 001 • Office # 207-210, Second Floor, Kamla Arcade, JM Road, Opposite Balgandharva, Shivaji Nagar, **Pune** 411005 • Vashi Plaza, Shop no. 324, C Wing, 1st Floor, Sector 17, Vashi, **Mumbai** 400705. • Shop No.1, Ground Floor, Dipti Jyothi Co-operative Housing Society, Near MTNL Office, P M Road, Vile Parle East, **Mumbai** 400057 • Gomati Smuti, Ground Floor, Jambli Gully, Near Railway Station, Borivali, **Mumbai** 400 092 • Room No. 302, 3rd Floor, Ganga Prasad, Near RBL Bank Ltd, Ram Maruti Cross Road, Naupada, Thane West, **Mumbai** 400602 • **MEGHALAYA:** Annex Mani Bhawan, Lower Thana Road, Near R K M LP School, **Shillong** 793001 • **NEW DELHI:** 305 New Delhi House, 27 Barakhamba Road, **New Delhi** 110001 • **ORISSA:** 1-B, 1st Floor, Kalinga Hotel Lane, Baleshwar, Baleshwar Sadar, **Balasore** 756001 • Opp Divya Nandan Kalyan Mandap, 3rd Lane, Dharam Nagar, Near Lohiya Motor, **Berhampur (OR)** 760001 • A/181 Back Side Of Shivam Honda Show Room, Saheed Nagar, **Bhubaneswar** 751007 • Shop No-45, 2nd Floor, Netaji Subas Bose Arcade (Big Bazar Building), Adjusent to Reliance Trends, Dargha Bazar, **Cuttack** 753001 • 2nd Floor, Main Road, Udit Nagar, Sundargarh, **Rourekla** 769012 • First Floor, Shop No. 219, Sahej Plaza, Golebazar, Sambalpur, **Sambalpur** 768001 • **PONDICHERRY:** No 122 (10b), Muthumariamman Koil Street, **Pondicherry** 605001 • **PUNJAB:** The Mall Road, Chawla Bulding, Ist Floor, Opp. Centrail Jail, Near Hanuman Mandir, **Ferozepur** 152002 • Unit # SF-6, The Mall Complex, 2nd Floor, Opposite Kapila Hospital, Sutheri Road, **Hoshiarpur** 146001 • SCO 122, Second floor, Above HDFC Mutual Fund, Feroze Gandhi Market, **Ludhiana** 141001 • 1st Floor, Dutt Road, Mandir Wali Gali, Civil Lines Barat Ghar, **Moga** 142001 • 2nd Floor, Sahni Arcade Complex, Adj.Indra Colony Gate, Railway Road, Pathankot, **Pathankot** 145001 • B- 17/423, Lower Mall Patiala, Opp Modi College, **Patiala** 147001 • Office No 7, 3rd Floor, City Square building, E-H197 Civil Line, Next to Kalyan Jewellers, **Jalandhar** 144001 • SCO 5, 2nd Floor, District Shopping Complex, Ranjit Avenue, **Amritsar** 143001 • MCB -Z-3-01043, 2nd floor, Goniana Road, Opporite Nippon India MF, GT Road, Near Hanuman Chowk, **Bhatinda** 151001 • **RAJASTHAN:** 302, 3rd Floor, Ajmer Auto Building, Opposite City Power House, Jaipur Road, **Ajmer** 305001 • Office Number 137, First Floor, Jai Complex, Road No-2, **Alwar** 301001 • Office No. 14 B, Prem Bhawan, Pur Road, Gandhi Nagar, Near Canara Bank, **Bhilwara** 311001 • 70-71 2nd Floor, Dr. Chahar Building, Panchsati Circle, Sadul Ganj, **Bikaner** 334003 • Office no 101, 1st Floor, Okay Plus Tower, Next to Kalyan Jewellers, Government Hostel Circle, Ajmer Road, **Jaipur** 302001 • Shop No. 6, Gang Tower, G Floor, Opposite Arora Moter Service Centre, Near Bombay Moter Circle, **Jodhpur** 342003 • **RAJASTHAN:** D-8, Shri Ram Complex, Opposite Multi Purpose School, Gumanpur, **Kota** 324007 • First Floor, Super Tower, Behind Ram Mandir, Near Taparya Bagichi, **Sikar** 332001 • Shop No. 5, Opposite Bihani Petrol Pump, NH-15, Near Baba Ramdev Mandir, **Sri Ganganagar** 335001 • Shop No. 202, 2nd Floor business centre, 1C Madhuvan, Opp G P O Chetak Circle, **Udaipur** 313001 • **TAMIL NADU:** 9th Floor, Capital Towers, 180, Kodambakkam High Road, Nungambakkam, **Chennai** – 600 034 • 3rd Floor, Jaya Enclave, 1057 Avinashi Road, **Coimbatore** 641018 • No 38/1 Ground Floor, Sathy Road, VCTV Main Road, Sorna Krishna Complex, **Erode** 638003 • No 88/11, BB Plaza, NRMP Street, K S Mess Back Side, **Karur** 639002 • No. G-16/17, AR Plaza, 1st floor, North Veli Street, **Madurai** 625001 • HNO 45, 1st Floor, East Car Street, **Nagercoil** 629001 • C/o Mallick Medical Store, Bangali Katra Main Road, Dist. 636009 • 55/18 Jeney Building, 2nd Floor, S N Road, Near Aravind Eye Hospital, **Tirunelveli** 627001 • No 23C/1 E V R Road, Near Vekkaliamman Kalyana Mandapam, Putthur, **Trichy** 620017 • 4 - B A34 - A37, Mangalmal Mani Nagar, Opp. Rajaji Park Palayamkottai Road, **Tuticorin** 628003 • No 2/19, 1st floor, Vellore City Centre, Anna Salai, **Vellore** 632001 • **TELANGANA:** Ground Floor, 3rd Office, Near Womens College Road, Beside Amruth Diagnostic, Shanthi Archade, **Bellary** 583103 • No:303, Vamsee Estates, Opp: Bigbazaar, Ameerpet, **Hyderabad** 500016 • 2nd Shutter, HNo. 7-2-607 Sri Matha, Complex Mankammathota, **Karimnagar** 505001 • Shop No22, Ground Floor, Warangal City Center, 15-1-237, Mulugu Road, Junction, **Warangal** 506002 • 11-4-3/3 Shop No. S-9,1st floor, Srivenkata Sairam Arcade, Old CPI Office, Near Priya Darshini College, Nehru Nagar, **Khammam** 507002 • Selenium, Plot No: 31 & 32, Tower B, Survey No.115/22 115/24 115/25, Financial District Gachibowli Nanakramguda Serilimgampally Mandal, **Hyderabad** 500032 • **TRIPURA:** OLS RMS Chowmuhani, Mantri Bari Road, 1st Floor, Near Jana Sevak Saloon Building, Traffic Point, Tripura West, **Agartala** 799001 • **UTTAR PRADESH:** House No. 17/2/4, 2nd Floor, Deepak Wasan Plaza, Behind Hotel Holiday INN, Sanjay Place, **Agra** 282002 • 1st Floor Sevti Complex, Near Jain Temple, Samad Road, **Aligarh** 202001 • Meena Bazar, 2nd Floor, 10 S.P. Marg Civil Lines, Subhash Chauraha, Prayagraj, **Allahabad** 211001 • House No. 290, Ground Floor, Civil Lines, Near Sahara Office, **Azamgarh** 276001 • 1st Floor, Rear Sidea-Square Building, 54-Civil Lines, Ayub Khan Chauraha, **Bareilly** 243001 • Shop No-809/799, Street No-2 A, Rajendra Nagar, Near Sheesha Lounge, Kaulagarh Road, **Dehradun** 248001 • K. K. Plaza, Above Apurwa Sweets, Civil Lines Road, **Deoria** 274001 • FF - 31, Konark Building, Rajnagar, **Ghaziabad** 201001 • House No. 148/19, Mahua Bagh, Raini Katra, **Ghazipur** 233001 • H No 782, Shiv Sadan, ITI Road, Near Raghukul Vidyapeeth, Civil lines, **Gonda** 271001 • Shop No 8 & 9, 4th Floor, Cross Road, The Mall, Bank Road, **Gorakhpur** 273001 • Shoop No 5, KMVN Shoping Complex, **Haldwani** 263139 • Shop No. 17, Bhatia Complex, Near Jamuna Palace, **Haridwar** 249410 • 1st Floor, Puja Tower, Near 48 Chambers, ELITE Crossing, **Jhansi** 284001 • 15/46 B Ground Floor, Opp : Muir Mills, Civil Lines, **Kanpur** 208001 • Ist Floor, A. A. Complex, 5 Park Road, Hazratganj Thaper House, **Lucknow** 226001 • Shop No. 9, Ground Floor, Vihari Lal Plaza, Opposite Brijwasi Centrum, Near New Bus Stand, **Mathura** 281001 • Shop No:- 111, First Floor, Shivam Plaza, Near Canara Bank, Opposite Eves Petrol Pump, **Meerut** 250001. • Triveni Campus, Near SBI Life, Ratanganj, **Mirzapur** 231001. • Chadha Complex, G. M. D. Road, Near Tadi Khana Chowk, **Moradabad** 244001 • F-21, 2nd Floor, Near Kalyan Jewelers, Sector-18, **Noida** 201301 • C/o Mallick Medical Store, Bangali Katra Main Road, Dist. Sonebhadra (U.P.), **Renukoot** 231217 • Shree Ashadeep Complex, 16,Civil Lines, Near Income Tax Office, **Roorkee** 247667 • 12/12 Surya Complex, Station Road, Uttar Pradesh, **Sitapur** 261001 • 1st Floor, Ramashanker Market, Civil Line, **Sultanpur** 228001 • D-64/132 KA, 2nd Floor, Anant Complex, Sigra, **Varanasi** 221010 • **WEST BENGAL:** 112/N G. T. Road, Bhanga Pachil, G.T Road, **Asansol** - 713 303; Paschim Bardhaman West Bengal, **Asansol** 713303 • Plot nos- 80/1/ Anatunchati Mahalla, 3rd floor, Ward no-24, Opposite P.C Chandra, Bankura Town, **Bankura** 722101 • Saluja Complex, 846, Laxmipur, G T Road, Burdwan, PS: Burdwan & Dist: **Burdwan-East** - 713101 • No : 96, PO: Chinsurah, Doctors Lane, **Chinsurah** 712101 • MWAV-16 Bengal Ambuja, 2nd Floor, City Centre, Distt. Burdwan Durgapur-16, **Durgapur** 713216 • D B C Road, Opp Nirala Hotel, Opp Nirala Hotel, Opp Nirala Hotel, **Jalpaiguri** 735101 • Holding No 254/220, SBI Building, Malancha Road, Ward No.16, PO: Kharagpur, PS: Kharagpur, Dist: Paschim Medinipur, **Kharagpur** 721304 • 2/1, Russel Street, 4th Floor, Kankaria, Centre, **Kolkata** 70001. • Ram Krishna Pally, Ground Floor, English Bazar, **Malda** 732101 • Nanak Complex, 2nd Floor, Sevoke Road, **Siliguri** 734001

## COLLECTION CENTRES OF KFIN TECHNOLOGIES LIMITED

**MAHARASHTRA:** Shop No. 1, Ground Floor, Dipti Jyothi Co-Operative Housing Society, Near MTNL Office, P M Road, **Vile Parle East**, **Mumbai** 400057 • Gomati Smuti, Ground Floor, Jambli Gully, Near Railway Station, **Borivali West**, **Mumbai** 400 092 • Room No. 302, 3rd Floor, Ganga Prasad, Near RBL Bank Ltd, Ram Maruti Cross Road, Naupada, **Thane West**, **Mumbai** 400602 • Vashi Plaza, Shop No. 324, C Wing, 1st Floor, Sector 17, **Vashi**, **Mumbai** 400705. **TAMILNADU:** No. 23, Cathedral Garden Road, Cathedral Garden Road, Nungambakkam, **Chennai** 600034.

**Notes:**

1. The center is only a collection point with Time-stamping impression.
2. This center will not have capability of scrutiny. All transactions are scrutinize and rejections if any will happen only at local branch.
3. Any TSM failures, despite the branch efforts to maintain it, may lead to non-acceptance of transactions.
4. Only fully compliant transactions are accepted at this location. In case, fresh purchase the transactions should have the KYC acknowledgement slip along with them.
5. Liquid transactions/NFOs are not handled here.
6. Only Equity Schemes and few of FMP's (supporting above guidelines only) are accepted at this location.

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