# INFINITY SIF
by Kotak Mutual Fund

# INVESTMENT STRATEGY INFORMATION DOCUMENT (ISID)

## SECTION I

## INFINITY HYBRID LONG-SHORT FUND

**(An Interval investment strategy investing in equity and debt securities, including limited short exposure in equity and debt through derivatives)**

| Scheme Code | NSE Symbol | BSE Symbol |
|---|---|---|
| Infinity Hybrid Long-Short Fund-Direct-Growth | INSIFHLSDG | INSIFHLSDG |
| Infinity Hybrid Long-Short Fund-Direct- IDCW Reinvestment | INSIFHLSDR | INSIFHLSDR |
| Infinity Hybrid Long-Short Fund-Regular-Growth | INSIFHLSRG | INSIFHLSRG |
| Infinity Hybrid Long-Short Fund-Regular - IDCW Payout | INSIFHLSRD | INSIFHLSRD |
| Infinity Hybrid Long-Short Fund-Regular-IDCW Reinvestment | INSIFHLSRR | INSIFHLSRR |

| This product is suitable for investors who are seeking $: | Risk-band* | Benchmark Risk- band* |
|---|---|---|
| • Long term capital growth<br>• An Interval investment strategy investing in equity and debt securities, including limited short exposure in equity and debt through derivatives. | RISK BAND<br>LOWER RISK 1 2 3 4 5 HIGHER RISK<br>Risk Level 2 | BENCHMARK RISK BAND<br>LOWER RISK 1 2 3 4 5 HIGHER RISK<br>Risk Level 2<br>NIFTY 50 Hybrid Composite debt 50:50 Index |

$ Investors should consult their financial advisers if in doubt whether the product is suitable for them.
* The Risk Band is as per AMFI specification.
The above product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the characteristics of the investment strategy or model portfolio and the same may vary post NFO when the actual investments are made.

**Continuous offer for Units at NAV based prices**
**Investment Strategy re-opens on:** July 09, 2026

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| Name of SIF: | **INFINITY Specialized Investment Fund – By Kotak Mahindra Mutual Fund** |
| Name of Mutual Fund | **Kotak Mahindra Mutual Fund** |
| Name of Asset Management Company | **Kotak Mahindra Asset Management Company Ltd**<br>**CIN: U65991MH1994PLC080009** |
| Name of Trustee Company | **Kotak Mahindra Trustee Company Ltd**<br>**CIN: U65990MH1995PLC090279** |
| Registered Address of the Companies | **27 BKC, C-27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051** |
| Corporate Office Address of Asset Management Company | **2nd Floor, 12-BKC, Plot No. C-12, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051** |
| Website | **https://www.kotakmf.com/sif** |

**The particulars of the investment strategy have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 2026, (herein after referred to as SEBI (MF) Regulations) as amended till date and circulars issued thereunder filed with SEBI, along with a Due Diligence Certificate from the 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 Investment Strategy Information Document.**

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

**The investors are advised to refer to the Statement of Additional Information (SAI) for details of Infinity SIF, Mutual Fund, Standard Risk Factors, Special Considerations, Tax and Legal issues and general information on https://www.kotakmf.com/sif.**

SAI is incorporated by reference (is legally a part of the Investment Strategy Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to dedicated webpage https://www.kotakmf.com, https://www.kotakmf.com/sif.

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

***Investors are advised to note that investments in Specialized Investment Fund involves relatively higher risk including potential loss of capital, liquidity risk and market volatility. Please read all investment strategy related documents carefully before making the investment decision.***

**This Investment Strategy Information Document is dated May 26, 2026.**

**Stock Exchange Disclaimer Clause:**

**Disclaimer by BSE**

BSE Ltd. (‘the Exchange”) has given vide its letter LO/IPO/PJ/MF/IP/100/2025-26 dated January 28, 2026, permission to Infinity SIF offered by Kotak Mahindra Mutual Fund to use the Exchange’s name on which in this ISID as one of Stock Exchanges on which this SIF Units are proposed to be listed. The Exchange has scrutinized this ISID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to Kotak Mahindra Mutual Fund. The Exchange does not in any manner: -

- warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; or
- warrant that this scheme’s unit will be listed or will continue to be listed on the Exchange; or
- take any responsibility for the financial or other soundness of this Mutual Fund its promoters, its management or scheme or project of this Mutual Fund

and it should not for any reason be deemed or construed that this ISID has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any unit of Infinity Hybrid Long-Short Fund of this Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever"

**Disclaimer by NSE**

"As required, a copy of this Investment Strategy Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/5998 dated January 23, 2026 permission to the Mutual Fund to use the Exchange's name in this Investment Strategy Information Document as one of the stock exchanges on which the Mutual Fund's units are proposed to be listed subject to, the Mutual Fund fulfilling various criteria for listing. The Exchange has scrutinized this Investment Strategy Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Investment Strategy Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Investment Strategy Information Document; nor does it warrant that the Mutual Fund's units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its management or any scheme of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

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**Part I. HIGHLIGHTS/SUMMARY OF THE INVESTMENT STRATEGY**

| Sr. No. | Title | Description |
|---|---|---|
| I. | **Name of the Investment Strategy** | Infinity Hybrid Long-Short Fund |
| II. | **Category of the Investment Strategy** | Hybrid Long-Short Fund |
| III. | **Type of Investment Strategy** | An Interval investment strategy investing in equity and debt securities, including limited short exposure in equity and debt through derivatives. |
| IV. | **Investment strategy code** | INFI/I/H/HLSF/26/04/0001/KOTM |
| V. | **Investment objective** | The investment objective of the strategy is to achieve a blend of capital appreciation and income generation by investing in equity and equity related instruments as well as debt and money market instruments, including limited short exposure in equity and debt through derivatives.<br><br>There is no assurance that the investment objective of the Investment strategy will be achieved. |
| VI. | **Liquidity/listing details** | **Liquidity:**<br>The Investment Strategy being offered is an interval investment strategy which offer units for sale / switch-in, on each business day at NAV based prices subject to applicable loads and offer redemption/switch out twice a week.<br><br>**Listing:**<br>The units of Investment Strategy is proposed to be listed and traded on NSE and BSE.<br><br>AMC reserves right to list units on other stock exchanges. AMC reserves right to change the frequency and day of redemption. |
| VII. | **Benchmark (Total Return Index)** | **NIFTY 50 Hybrid Composite debt 50:50 Index**<br><br>The composition of the aforesaid benchmark is such that it is most suited for comparing performance of the Investment Strategy.<br><br>The AMC/Trustees reserves right to change benchmark in future for measuring performance of the strategy and as per the guidelines and directives issued by SEBI from time to time. |
| VIII. | **Subscription frequency** | Daily (only Business Days) |

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| | | The AMC reserves the right to change the Subscription frequency in future, subject to SEBI Regulations and any other law, as applicable. |
| IX. | **Redemption frequency** | Twice a week i.e Monday and Wednesday in every week. The redemption frequency may, however, be reduced in the future as may be decided by the AMC.<br><br>Redemption requests received after Wednesday 3.00 PM till Monday 3.00 PM would be considered for processing with Monday NAV, and requests received after Monday 3.00 PM till Wednesday 3.00 PM would be processed with Wednesday NAV.<br><br>Note: If Monday / Wednesday falls on non-business day, then the next business day's NAV would be considered for transaction processing.<br><br>The AMC reserves the right to change the Redemption frequency in future, subject to SEBI Regulations and any other law, as applicable. |
| X. | **NAV disclosure** | The AMC will calculate and disclose the first NAVs of the Investment Strategy not later than 5 business days from the date of allotment of units under the NFO.<br><br>Subsequently, NAVs of the Investment Strategy would be computed and declared on every Business Day on the website of the Infinity SIF viz https://www.kotakmf.com/sif and AMFI www.amfiindia.com by 11.00 p.m.<br><br>In case the investment strategy has exposure in overseas securities the NAV will be published post receipt of the Price/ NAV of the overseas investments. The NAV will be published on the website of AMFI (www.amfiindia.com) and Infinity SIF (https://www.kotakmf.com/sif) by 10.00 a.m. of the following business day in accordance with paragraph 9.3 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026**.**<br><br>Further details are mentioned in Section II. |
| XI. | **Applicable timelines** | **Dispatch of redemption proceeds:**<br>The SIF shall initiate payment of redemption or repurchase proceeds to the unitholders within three working days from the redemption or repurchase NAV date.<br><br>In case of exceptional situations listed in AMFI Circular No. AMFI/35P/MEM-COR/74/2022-23 dated January 16, 2023, the |

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| | | strategy shall allow additional timelines for transfer of redemption or repurchase proceeds to the unitholders.<br><br>As per SEBI (Mutual Funds) Regulations, 2026, and circulars issued thereafter from time to time, the redemption proceeds shall be dispatched within three (3) business days from the redemption NAV date subject to exceptional situations and additional timelines for redemption payments in accordance with clause 15.3.3 of SEBI Master Circular. A penal interest of 15% p.a. or such other rate as may be prescribed by SEBI from time to time, will be paid in case the payment of redemption proceeds is not made within the stipulated timelines.<br><br>**Dispatch of IDCW**:<br>The Income Distribution cum capital withdrawal (IDCW) payments shall be dispatched to the unitholders within seven working days from the record date. |
| **XII.** | **Plans and Options**<br>Plans/Options and sub options under the Investment Strategy | **Plans- Direct Plan/Regular Plan**<br><br>**Direct Plan:** This Plan is only for investors who purchase /subscribe Units in a Investment Strategy directly with the Fund and is not available for investors who route their investments through a Distributor.<br><br>**Regular Plan:** This Plan is for investors who wish to route their investment through any distributor.<br><br>**Options under each Plan(s)**<br>Growth<br>Income Distribution cum Capital Withdrawal (IDCW)<br>Payout of Income Distribution cum capital withdrawal (IDCW)<br>Reinvestment of Income Distribution cum capital withdrawal (IDCW)<br><br>The NAVs of the above Options will be different and separately declared; the portfolio of investments remaining the same.<br><br>The AMC/Trustee's reserve the right to introduce Options(s) as may be deemed appropriate at a later date subject to SEBI (MF) Regulations and circulars issued thereunder from time to time.<br><br>**Default Option /Sub-Options**<br>If applicant does not indicate the choice of option between growth and Income Distribution cum capital withdrawal (IDCW) option in the application form, then the fund will accept it as an application for growth option under respective plan. |

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| | | If applicant does not indicate the choice of Income Distribution cum capital withdrawal (IDCW) sub-option between payout of Income Distribution cum capital withdrawal (IDCW) and reinvestment of Income Distribution cum capital withdrawal (IDCW) then the fund will accept it as an application for reinvestment of Income Distribution cum capital withdrawal (IDCW).<br><br>For detailed disclosure on default plans and options, kindly refer SAI. |
| **XIII.** | **Load Structure** | Exit Load- NIL<br><br>Any exit load charged (net of Goods and Services tax, if any) shall be credited back to the Investment Strategy. Units issued on reinvestment of IDCWs shall not be subject to entry and exit load.<br><br>No exit load will be chargeable in case of switches made between different plans/options of the strategy.<br><br>The AMC reserves the right to change / modify the Load structure of the strategy, subject to maximum limits as prescribed under the SEBI (MF) Regulations, 2026, and circulars issued thereunder from time to time. |
| **XIV.** | **Minimum Application Amount/switch in** | **Minimum application amount for purchases**<br><br>During NFO: INR10,00,000/- and in multiples of Re. 1/- thereafter (across all investment strategies offered by the Infinity SIF at the PAN level)<br>On continuous basis: INR10,00,000/- and in multiples of Re. 1/- thereafter (across all investment strategies offered by the Infinity SIF at the PAN level)<br>Minimum amount for accredited investor during NFO and Continuous basis: INR 1,00,000/- and in multiples of Re. 1/- thereafter.<br><br>Systematic Investment Plan (SIP) / Systematic Withdrawal Plan (SWP) /Systematic Transfer Plan (STP) shall only commence upon re-opening of the Investment Strategy, subject to initial investment of at least Rs. 10,00,000 (across all investment strategies offered by the Infinity SIF at the PAN level).<br><br>Minimum investment threshold limits shall not be applicable to |

<table>
<tr><td></td><td></td><td>Mandatory investments made by AMCs for designated employees under paragraph 7.14 and 21.4.1 of the Master Circular for Mutual Funds dated March 20, 2026.<br>Existing investor of SIF whose aggregate investment value at the Permanent Account Number (‘PAN’) level, across all investment strategies offered by Infinity SIF, is more than Rs.10,00,000 i.e. minimum investment threshold as on the investment date. This shall not include investments made by the investor in other Mutual Fund schemes of the AMC<br><br>On continuous basis:<br><br><table>
<tr><td>SIP</td><td>NR 10,000/- and in multiples of Re. 1 thereafter Minimum 6 installments]</td></tr>
<tr><td>SWP</td><td>NR 10,000/- and in multiples of Re. 1 thereafter Minimum 6 installments]</td></tr>
<tr><td>STP</td><td>NR 10,000/- and in multiples of Re. 1 thereafter Minimum 6 installments]</td></tr>
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<tr><td>XV.</td><td>Minimum Additional Purchase Amount</td><td>INR 10,000/- and in multiples of Re. 1 thereafter.</td></tr>
<tr><td>XVI.</td><td>Minimum Redemption / switch out amount</td><td>INR 10,000/- and in multiples of Re. 1 thereafter /- or all units, whichever is lower.<br><br>Minimum Investment Threshold:<br><br>Aggregate investment by an investor across all investment strategies offered by Infinity SIF, at the Permanent Account Number (‘PAN’) level, shall not be less than Rs.10,00,000/-.<br><br>In case of any request(s) for partial redemption/switch out by the investor/(s), the AMC reserves the right to process the redemptions and make payouts only to the extent that the residual amount post payout of redemptions does not fall below the Minimum Investment Threshold.<br><br>The redemption/ switch will be subject to compliance with provisions mentioned under “Minimum Investment threshold” of para 21.4 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 2026.<br><br>Monitoring of Minimum Investment Threshold will be carried out as per para 21.4 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 2026.</td></tr>
<tr><td>XVII.</td><td>Notice Period</td><td>Since redemption frequency will be twice a week i.e.  Monday and Wednesday in every week, notice period is not applicable</td></tr>
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| | | The Trustee/AMC reserves the right to modify notice period at a future date. |
| XVIII. | **New Fund Offer Period** This is the period during which a new investment strategy sells its units to the investors. | NFO opens on: June 15, 2026<br>NFO closes on: June 29, 2026<br><br>As per paragraph 7.24 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, to effectively manage the fund flows in NFO, the fund manager may extend or shorten the NFO period, based on his view of the market dynamics, availability of assets and his ability to deploy funds collected in NFO. However, the same shall be subject to compliance with Clause 1.7.1 of the SEBI Master circular no HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.<br><br>The AMC/ Trustee reserves the right to change the New Fund Offer period, subject to the condition that the New Fund Offer period shall be kept open for a minimum period of 3 working days and not beyond 15 days or such other time period as permissible under SEBI (MF) Regulations. AMC/ Trustee also reserves the right to close the subscription list earlier by giving at least one day's prior notice. Any such modification shall be announced by way of a notice/ addendum uploaded on website of Infinity SIF i.e. https://www.kotakmf.com/sif. |
| XIX. | **New Fund Offer Price:** This is the price per unit that the investors have to pay to invest during the NFO. | INR 10/- per unit. |
| XX. | **Segregated portfolio / side pocketing disclosure** | Segregation of portfolio has been enabled in the strategy.<br><br>For Details, kindly refer SAI. |
| XXI. | **Swing pricing disclosure** | Not applicable. |
| XXII. | **Stock lending / short selling** | Yes, the Investment Strategy may engage in stock lending and short selling.<br><br>For details, kindly refer SAI. |
| XXIII. | **How to Apply** | Investors should apply through a common application form/online. Investors, are requested to go through the Guidelines / instructions in Key Information Memorandum (KIM) cum application form for filling up the application form before investing. The investor's signature on the main application form shall be the basis for all future transactions processing. Existing investors can use their SIF |

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| | | Folio number at the time of investing in the same Investment Strategy or any Investment Strategy of Infinity SIF.<br><br>All cheques should be crossed "Account Payee Only" and drawn in favor the investment strategy name in which investment is intended to be made.<br><br>The investors can submit the Application forms and Key Information Memorandum (along with transaction slip)/ forms for redemption/ switches at the branches of AMC or Investor Service Centers (ISCs)/Official Points of Acceptance (OPAs) of the Registrar (CAMS) or distributors or on the website of Infinity SIF (https://www.kotakmf.com/sif and http://www.kotakmf.com/).<br><br>Investors are also advised to refer to Statement of Additional Information before submitting the application form.<br><br>For Further details refer section II. |
| **XXIV.** | **Investor services** | Contact details for general service requests:<br>18003091490 / 044-40229101 (Monday to Friday between 9.30am to 6.00 pm & Saturday between 9.30am to 12.30pm)<br>kmf.infinitysif@kotak.com<br><br>Contact details for complaint resolution:<br>Ms. Sushma Mata, Investor Relations Officer<br>Kotak Mahindra Asset Management Company Limited,<br>6th Floor, Kotak Towers, Building No.21,<br>Infinity Park, Off: Western Express Highway<br>Goregaon - Mulund Link Road, Malad (East), Mumbai 400097<br>Phone Number: 18003091490 / 044-40229101<br>Fax: 6708 2213<br>E-mail: https://info.kotakmf.com/write-to-us or WhatsApp us by sending us “Hi” at 9321884488. For portfolio valuation, give a missed call to 7039055555 |
| **XXV.** | **Specific attribute of the Investment Strategy (such as lock in, duration in case of close ended schemes as applicable)** | Not applicable |
| **XXVI.** | **Special product/facility available during the NFO and on ongoing basis** | The Following facilities are available under the strategy.<br><br>Systematic Investment Plan<br>SIP Top Up Facility<br>Systematic Withdrawal Plan<br>Systematic Transfer Plan |

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|---|---|---|
| | | For further details of above special products / facilities, kindly refer SAI |
| **XXVII.** | **Weblink** | Please note that this is a new strategy. TER details shall be available from the first NAV date in the following link<br>Link for TER for last 6 months, and Daily TER: https://www.kotakmf.com/sif<br><br>Link for factsheet: https://www.kotakmf.com/sif |

**DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

It is confirmed that:

(i) The Investment Strategy Information Document submitted to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 2026 and the guidelines and directives issued by SEBI from time to time.

(ii) All legal requirements connected with the launching of the Investment Strategy 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 Investment Strategy Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Investment Strategy.

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

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

(vi) A confirmation that the AMC has complied with the compliance checklist applicable for Investment Strategy Information Document and other than cited deviations/ that there are no deviations from the regulations

(vii) Notwithstanding anything contained in this Investment Strategy Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 2026 and the guidelines there under shall be applicable.

(viii) The Trustees have ensured that Infinity Hybrid Long-Short Fund approved by them is a new product offered by Infinity SIF and is not a minor modification of any existing Investment Strategy.

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| **Date: May 26, 2026** | **Name: Jolly Bhatt** |
| **Place: Mumbai** | **Designation: Compliance Officer** |

## Part II. INFORMATION ABOUT THE INVESTMENT STRATEGY

### A. HOW WILL THE INVESTMENT STRATEGY ALLOCATE ITS ASSETS?

Under normal circumstances, the indicative asset allocation under the Investment Strategy will be as follows:

| Instruments | Indicative allocations (% of total assets) | |
|---|---|---|
| | Minimum | Maximum |
| Investment in equity and equity related instruments * (including unhedged short exposure mentioned below) # | 35 | 75 |
| Investments in Debt & Money Market Instruments (including unhedged short exposure mentioned below) # | 25 | 65 |
| Investments in InvITs | 0 | 20 |

#Short exposure through unhedged derivative positions in equity and debt instruments will be upto 25% of net assets.

* Equity related instruments may also include units of equity oriented mutual funds and Equity ETF (including overseas equity oriented mutual funds and Equity ETF).

Pursuant to para 8.5, 13.15 and 21.6 of SEBI Master Circular no. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 and SEBI Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/26 dated February 27, 2025 as may be amended from time to time, the strategy may use derivatives (including fixed income derivatives instruments) as permitted by SEBI from time to time and subject to guidelines issued by SEBI from time to time.

In accordance with the clause 21.3 21.6.(e) and clause and 13.18 of the SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, the cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), repo transactions in corporate debt securities, and credit default swaps, Infrastructure Investment Trusts (InvITs), other permitted securities/assets and such other securities/assets as may be permitted by SEBI from time to time should not exceed 100% of the net assets of the investment strategy.

Pursuant to para 13.18.6 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure. Cash Equivalent shall consist of the following securities having residual maturity of less than 91 days:
a) Government Securities;
b) T-Bills; and
c) Repo on Government securities.

The strategy may invest in securitized debt up to 10% of the debt allocation

Pursuant to para 13.6 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, the Trustee may permit the strategy to engage in securities lending and borrowing. At present, since only lending is permitted, the strategy may temporarily lend securities held with the Custodian to reputed counterparties or on the exchange, for a fee, subject to prudent limits and controls for enhancing returns. The strategy will lend securities subject to a maximum of 20%, in aggregate, of the net assets of the strategy and 5% of the net assets of the strategy in the case of a single intermediary

The strategy will invest up to a maximum of 35 % of its net assets in foreign securities as specified in the Para 13.11 of SEBI Master Circular no. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 and any subsequent amendments thereto specified

In accordance with Clause 3 of Sixth Schedule of SEBI (Mutual Funds) Regulations 2026, read with Para 13.14.1 of SEBI Master Circular no. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026,the strategy may invest in another scheme of the Kotak Mahindra Mutual Fund or any other Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Kotak Mahindra Asset Management Company Limited or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Kotak Mahindra Mutual Fund.

Pursuant to para 13.8 of SEBI Master Circular no. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, the strategy shall participate in the corporate bond repo transactions and in accordance with extant SEBI/RBI guidelines and any subsequent amendments thereto specified by SEBI and/or RBI from time to time. The gross exposure of the strategy to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the strategy

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

| **Sl. no** | **Type of Instrument** | **Percentage of exposure** | **Circular references** |
|---|---|---|---|
| 1. | Securities Lending | Up to 20% of the net assets with maximum single intermediary exposure restricted to 5% of the net assets. | Para 13.6 of SEBI Master Circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 |
| 2. | Securitized Debt | Upto 10% of the debt portion of the investment strategy | Clause 13.1 of SEBI Master Circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 |
| 3. | Overseas Securities | Upto 35% of the net assets of the Investment strategy | Clause 13.11 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 |
| 4. | Units of InVITS | Upto 20% of the net assets of the Investment strategy and not more than 10 per cent of its NAV in the units of InvIT issued by a single issuer | Clause 21.5 read with Clause 13.13.5. of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026. |

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| 5. (a) | Debt Instruments having Structured Obligation (SO rating) and / or Credit Enhancements (CE rating) and | Up to 10% of debt portfolio of the Investment strategy | Clause 13.1 of SEBI Master Circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 |
| 5. (b) | Debt Instruments with special features i.e. Additional Tier I (AT1)/ Perpetual Bonds and Tier 2 Bonds | Up to 10% of debt portfolio of the Investment strategy | Clause 13.1 of SEBI Master Circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 |
| 6. | Triparty Repo (TREPS) On Government securities or treasury bills. | In accordance with SEBI Guidelines. | - |
| 7. | Repo/ reverse repo transactions in corporate debt securities | Not exceeding 10% of the net assets of the investment strategy | Clause 13.8 of SEBI Master Circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026. |
| 8. | Credit Default Swaps | Exposure to a single counterparty in CDS transactions shall not exceed 10% of the net assets of the Investment strategy. | Clause 13.17 of SEBI Master Circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 |
| 9. | Units of Mutual Fund | Up to 50%<br><br>The Investment strategy may invest in another mutual fund scheme under the same AMC or any other mutual fund without charging any fees, provided that aggregate inter-scheme investment made by all Strategy under the same AMC or in schemes under the management of any other asset management shall not exceed 5% of the net asset value of the Kotak Mahindra Mutual Fund. | Clause 3 of Sixth Schedule of SEBI (Mutual Funds) Regulations 2026, read with Para 13.14.1 of SEBI Master Circular no. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 |
| 10. | Derivatives positions | Upto 100 % of the net assets of the investment strategy | - |
| 10 (a) | Equity / Debt Derivatives for hedging purpose | Equity Derivatives - Upto 100% of equity allocation<br><br>Debt Derivatives - Upto 100% of debt allocation | - |

| | | | |
|---|---|---|---|
| 10 (b) | Naked Derivatives (shorts) for non hedging purpose | Maximum short exposure through unhedged derivative positions in equity and debt instruments: 25%. | As per Para 21.6.1.(a) of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 |
| 10(c) | Derivatives for non-hedging and other than for portfolio rebalancing Purposes | Unhedged Long exposure: Up to 50% of the net assets. | Clause 8.5 & 13.15 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 |
| 10(d) | Exchange Traded Commodity Derivatives (ETCDs) | SIF investment strategy shall not invest in ETCDs. | - |

**Portfolio Rebalancing**:

As per para 3.11 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 in the event of any deviation from mandated asset allocation mentioned above, due to passive breaches, rebalancing period will be Thirty (30) business days. In case the portfolio is not rebalanced within Thirty (30) business days, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before the Investment Committee. The Investment Committee, if so desired, can extend the timelines up to sixty (60) business days from the date of completion of mandated rebalancing period. In case the portfolio of the Investment Strategy is not rebalanced within the aforementioned mandated plus extended timelines, the AMC shall not launch any new investment strategy till the time the portfolio is rebalanced and also not levy exit load, if any on the investors exiting the strategy. However, at all times the portfolio will adhere to the overall investment objective of the strategy.

As per para 7.24 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, the Investment Strategy shall deploy the funds garnered in an NFO within 30 business days from the date of allotment of units. In an exceptional case, if the AMC is not able to deploy the funds in 30 business days, reasons in writing, including details of efforts taken to deploy the funds, shall be placed before the Investment Committee of the AMC. The Investment Committee, if so desired, can extend the timelines up to thirty (30) business days from the date of completion of mandated deployment period.

**Short Term Defensive Consideration**

As per Para 1.9.1(b) of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, the asset allocation pattern indicated above may change for a short-term period on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. These proportions may vary depending upon the perception of the Fund Manager, the intention being at all times to seek to protect the interests of the Unit holders. In case of any deviation, the portfolio shall be rebalanced within 30 calendar days.

## B. WHERE WILL THE INVESTMENT STRATEGY INVEST?

In terms of Regulation 39(1) and 51 of SEBI (Mutual Funds) Regulations, 2026, detailed description of the instruments as permitted and subject to the Section "How will the investment strategy allocate its Assets", the corpus of the Investment Strategy can be invested in any (but not exclusive) of the following securities/ instruments:

1. Equity and equity related securities including convertible bonds and debentures and warrants carrying the right to obtain equity shares and units of Real Estate Investment Trust ('REIT')
2. Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
3. Debt obligations of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee (including but not limited to Indian Government Bond, State Development Loans issued and serviced at the Public Debt Office, Bonds issued by Central & State Government PSU's which are guaranteed by Central or State Governments), Floating rate debt instruments
4. Pass Through Certificate
5. Corporate debt (of both public and private sector undertakings) including Nonconvertible debentures (including bonds) and non-convertible part of convertible securities.
6. Short Term Deposits of banks (both public and private sector) and development financial institutions to the extent permissible under SEBI Regulations;
7. Money market instruments permitted by SEBI/RBI, having maturities of up to one year but not limited to:
    - Certificate of Deposits (CDs).
    - Commercial Paper (CPs)
    - Tri-party Repo, Bills re-discounting*, as may be permitted by SEBI from time to time.
    - Repo/ Reverse Repo of corporate debt securities
8. Securitised Debt, not including foreign securitised debt.
9. The non-convertible part of convertible securities
10. Non-Convertible Preference shares (NCPSs), to be considered as debt instruments
11. Investment in debt instruments having structured obligations / credit enhancements.
12. Units of Domestic Mutual Funds Schemes
13. Units of overseas Mutual Funds schemes / ETFs (subject to withdrawal of SEBI restriction).
14. ADRs, GDRs or other foreign securities.
15. Securities Lending & Borrowing as permitted by SEBI from time to time
16. Investment in units of Infrastructure Investment Trust ('InvIT').
17. Any other domestic fixed income securities as permitted by SEBI / RBI from time to time.
18. Derivative instruments like interest rate swaps, index futures, stock futures, index options, stock option, warrants, convertible securities, Corporate Default Swaps, forward rate agreements, covered call or any other derivative instruments that are permissible or may be permissible in future under applicable regulations.
19. Debt Instruments with special features i.e. Additional Tier I (AT1)/ Perpetual Bonds and Tier 2 Bonds
20. Any other securities as may be permitted by SEBI.

*The investment in Bills Rediscounting will be on ‘with recourse’ basis and may be to 5% of the net assets of the strategy

The securities/debt instruments mentioned above could be listed or unlisted, secured or unsecured, rated and of varying maturities and other terms of issue. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations, private placement, rights offer or negotiated deals as per SEBI (MF) regulation. The strategy may also enter into repurchase and reverse repurchase obligations in all securities held by it as per guidelines/regulations applicable to such transactions.

Transfer of investments from one Investment Strategy/Scheme to another Investment Strategy/ Scheme in the same Mutual fund, shall be allowed, in lines with para 13.19 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.

**Foreign Securities**
Investment in overseas securities shall be made in accordance with the requirements stipulated by SEBI and RBI from time to time.

1. Investments in overseas securities
2. Investments in units of overseas Mutual Funds schemes / ETFs (subject to withdrawal of SEBI restriction).

The Scheme (including investment strategy) can make overseas investments subject to a maximum of US $ 1 billion per Mutual Fund, within the overall industry limit of US $ 7 billion or such limits as may be prescribed by SEBI from time to time. The Scheme therefore may or may not be able to utilize the limit of USD 1 billion due to the USD 7 billion limit being exhausted by other Mutual Funds. Further, the scheme can make investments in overseas Exchange Traded Fund (ETF(s) subject to a maximum of US $ 300 million per Mutual Fund, within the overall industry limit of US $ 1 billion**.**

During the NFO, the intended amount for investment in overseas securities is up to US $100 Million. The said limit shall be valid for a period of six months from the date of closure of NFO. Thereafter the unutilized limit, if any, shall not be available to the Mutual Fund for investment in Overseas securities, Overseas ETFs and shall be available towards the unutilized industry wide limits. Further investments after the period of six months from the date of closure of NFO will follow the norms for ongoing schemes.

As and when the investment limits at Mutual Fund level/Industry level are exhausted or nearing exhaustion, the scheme may temporarily suspend deployment of funds in overseas funds/securities.

## C. WHAT IS THE INVESTMENT APPROACH?

To achieve the investment objective, the strategy will invest in Equity and Equity related securities, Debt & Money Market Instruments as permitted by SEBI from time to time. The portfolio construction aims to balance risk and return by utilizing a combination of market-neutral and directional strategies, depending on prevailing market conditions and the Fund Manager’s outlook.

The exact allocation in various asset classes and strategies would be decided based on the fund manager’s outlook on prevalent market conditions and changing business environment. A combination of factors such as market valuations, yield gap & momentum of the asset class has the potential to create a more effective asset allocation strategy between equity, debt, & other assets including derivatives. Therefore, the strategy would consider all above mentioned factors to decide on allocation between asset classes.

The strategy may invest into diversified portfolio of equity and equity related Instruments across market capitalization based on but not limited to evaluation of the fundamentals of the company, management, valuation and other macro-economic factors.

The strategy may use Derivatives traded on recognized stock exchanges for hedging, as well as portfolio rebalancing and other purposes as may be permitted by SEBI.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investment.

The strategy will invest in a diversified portfolio of debt and money market instruments to generate regular income. The fund manager will allocate the assets of the scheme taking into consideration the prevailing interest rate scenario & the liquidity of the different instruments. The portfolio duration and credit exposures will be decided based on thorough research of the general macroeconomic condition, political and fiscal environment, systemic liquidity, inflationary expectations, corporate performance and other economic considerations.

The strategy may look to invest overseas for the purpose of diversification in terms of markets and currency. This can help the scheme in achieving higher returns, especially in markets that are experiencing strong economic growth or have undervalued assets.

The strategy may take an exposure in units of REIT and InvITs at an opportune time to generate income from real estate or infrastructure assets. Investing in units of REITs and InvITs has the potential to generate capital appreciation and regular income streams.

Scheme may invest in the units of Mutual Fund schemes of Kotak Mahindra Mutual Fund or any other Mutual Funds in terms of the prevailing SEBI (MF) Regulations, for liquidity management, operational efficiency & cash flow management including derivative margin management etc.

The scheme may invest in Securities Lending & Borrowing as permitted by SEBI from time to time. The scheme may also invest in Repo & reverse repo of corporate debt securities. These may help in enhancing liquidity and portfolio flexibility etc. The strategy may use SLBM for earning additional income for the scheme with a lesser degree of risk.

**Indicative List of Derivative Strategies:**
The Investment strategy may deploy the following derivative strategies (not limited to), in compliance with SEBI regulations and internal risk management policies. All positions will be maintained within the overall gross exposure cap of 100% and the naked short exposure limit of 25%

1. Covered Call – Hold a long position in the underlying asset and sell a call option on the same asset. Generates income but limits upside if the asset surges.
2. Protective Put – Buy stock and simultaneously buy a put option as insurance.
3. Protective Collar – Hold a long stock, buy a protective put, and sell a call.
4. Cash-Secured Put – Sell a put option while holding enough cash to buy the stock if assigned.
5. Long Call – Buy a call option to gain leveraged exposure to upside moves.
6. Long Put – Buy a put option for leveraged exposure to downside, or for hedging.
7. Bull Call Spread – Buy a lower-strike call and sell a higher-strike call (same expiry); bets on moderate upside.
8. Bear Put Spread – Buy a higher-strike put and sell a lower-strike put; profits from moderate declines.
9. Bull Put Spread – Sell a higher-strike put and buy a lower-strike put; collects premium, profits if underlying doesn’t fall.
10. Bear Call Spread – Sell a lower-strike call, buy a higher-strike call; profits if underlying doesn’t rise past lower strike price.
11. Calendar Spread – Sell a near-term option and buy a longer-term option at same strike; profits from time decay differential and volatility.
12. Straddle – Buy a call and a put at same strike and expiry; bets on big move in either direction.
13. Strangle – Buy OTM call and OTM put; needs big directional move, but at lower premium than straddle.
14. Butterfly Spread – Buy lower-strike, sell two middle-strikes, buy higher-strike options (all same expiry); limited risk/reward, bets on low volatility.
15. Iron Condor – Sell OTM call/put, buy further OTM call/put (four legs, same expiry); profits in narrow ranges.
16. Iron Butterfly – Sell ATM straddle, buy OTM call and put; higher premium than condor, profits if underlying stays flat.
17. Synthetic Long/Short – Create exposure equivalent to underlying with options (e.g., long call/short put = synthetic long stock).
18. Pair Trades – Take opposite positions in two stocks of the same sector based on bullish/bearish view.
19. Hedging – Taking short position in underlying stock holding to prevent downside risk.

20. Interest Rate Swaps (IRS): An Interest Rate Swap is an agreement whereby two parties agree to exchange periodic interest payments. The amount of interest payments exchanged is based on some predetermined principal, called notional principal amount. The amount each counterparty pays to the other upon periodic interest rate multiplied by the notional principal amount. The only amount that is exchanged between the parties is the interest payment, not the notional principal amount.
21. Forward Rate Agreements (FRA): This is an agreement between two counterparties to pay or to receive the difference between an agreed fixed rate (the FRA rate) and the interest rate prevailing on a stipulated future date based on the notional amount, for an agreed period. In short, in an FRA, interest rate is fixed now for a future period.
22. Interest Rate Futures (IRF): An interest rate future is a futures contract with an interest-bearing instrument as the underlying asset. Interest rate futures are used when there is an expectation of interest rate movement adversely in a particular direction. IRFs offer flexibility across market views, investors can use them to go long when expecting yield to fall, and go short when expecting yields to rise.
23. Credit Default Swaps (CDS): A credit default swap is a financial derivative that allows an investor to swap or offset their credit risk with that of another investor. A protection buyer buys a CDS from a protection seller, who agrees to reimburse them if the borrower defaults.

These are some of the derivatives where the strategy can invest. For detailed derivative strategies, please refer to SAI.

**Offsetting of transactions:** SEBI circular on SIF framework permits the investment strategy to offset certain derivative transactions. Below are some of the illustrative scenarios for offsetting of positions on the same underlying security:

| Sr. No. | Position 1 | Position 2 | Offsetting allowed/not? | Net exposure to be considered |
|---|---|---|---|---|
| 1 | Equity Long | Futures Short | Yes | Equity Long only |
| 2 | Equity /Futures Long | Call option Short | Yes | Equity /Futures Long only |
| 3 | Equity /Futures Long | Put option Long | Yes | Equity /Futures Long only |
| 4 | Futures Short | Call option Long | Yes | Futures Short only |
| 5 | Futures Short | Put option Short | Yes | Futures Short only |
| 6 | Call option Long | Call option Short | Yes | Call option Short only |
| 7 | Put option Long | Put option Short | Yes | Put option short only |
| 8 | Equity Long | Futures Long | No | Equity Long + Futures Long |
| 9 | Equity /Futures Long | Call option Long | No | Equity /Futures Long + Call option Long |
| 10 | Equity /Futures Long | Put option Short | No | Equity /Futures Long + Put option Short |
| 11 | Futures Short | Call option Short | No | Futures short + Call option short |
| 12 | Futures Short | Put option Long | No | Futures short + Put option Long |
| 13 | Call option Long | Put option Short | No | Call option Long + Put option Short |

| | | | | |
|---|---|---|---|---|
| 14 | Call option Short | Put option Long | No | Call option Short + Put option Long |

For offsetting of positions, the futures and options contracts shall be on the same underlying security and having same expiry date.

The total exposure at any point of time shall be the sum of exposure through instruments in both the cash market and derivatives market.

Offsetting of exposure at the portfolio level shall be allowed for:

a. Cash and derivative positions on the same underlying security
b. Between derivative positions on the same underlying security

**PORTFOLIO TURNOVER**

Portfolio Turnover is a term used to measure the volume of trading that occurs in a Investment Strategies portfolio during a given time period. The Investment strategy being an Interval Investment Strategy, it is expected that there would be frequent subscriptions and redemptions. Hence, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. Trading opportunities may arise due to changes in system liquidity, interest rate policy announced by RBI, shifts in the yield curve, change or anticipation of change in the credit worthiness or credit rating of securities or any other factors, which may lead to increase in the turnover. If trading is done frequently there may be an increase in transaction cost such as brokerage paid etc. The fund manager will endeavour to optimize portfolio turnover to maximize gains and minimize risks keeping in mind the cost associated with it. The Investment Strategy has no specific target relating to portfolio turnover.

## D. HOW WILL THE INVESTMENT STRATEGY BENCHMARK ITS PERFORMANCE?)

The Investment Strategy would be benchmarked to the **NIFTY 50 Hybrid Composite debt 50:50 Index**

The composition of the aforesaid benchmark is such that it is most suited for comparing performance of the Investment Strategy.

The AMC/Trustees reserves right to change benchmark in future for measuring performance of the strategy and as per the guidelines and directives issued by SEBI from time to time.

## E. WHO MANAGES THE INVESTMENT STRATEGY?

Mr. Hiten Shah & Mr. Kalpesh Jain will be the fund managers for Equity and Overseas investment of the Investment Strategy. Mr. Abhishek Bisen will be the Fund Manager for debt and money market investment of the Investment Strategy.

| **Name** | **Age** | **Qualification** | **Business Experience** | **Other Investment Strategies managed by the Fund Manager** |
|---|---|---|---|---|
| Mr. Hiten Shah | 41 years | Master of Management | Mr. Hiten Shah, is a MMS in Finance with over 18 years of work experience. | - |

| | | | | |
|---|---|---|---|---|
| | | studies from Mumbai University & BCOM | Prior to joining Kotak Mahindra Mutual fund, he was associated with Edelweiss Asset Management for more than 8 years as a Co-Fund manager and Chief dealer in equities segment.<br><br>Mr. Hiten Shah was also associated with Edelweiss securities Ltd. as low risk arbitrage trader for more than 3 years. | |
| Mr. Kalpesh Jain | 40 years | Post Graduation eMBA from MET Institute Bandra | Mr. Kalpesh Jain has an MBA in Finance with over 18 years of work experience. Prior to joining Kotak Mahindra Mutual fund, he was associated with TATA Asset Management for more than 18 Months as a Fund manager AIF.<br><br>Mr. Kalpesh Jain was also associated with Julius Baer, Ambit and Edelweiss Capital. | - |
| Mr. Abhishek Bisen | 46 Years | BA Management, MBA Finance EPAF- IIM-C | Mr. Abhishek Bisen has been associated with the company since October 2006 and his key responsibilities include fund management of debt schemes. Prior to joining Kotak AMC, Abhishek was working with Securities Trading Corporation of India Ltd where he was looking at Sales & Trading of Fixed Income Products apart from doing Portfolio Advisory. His earlier assignments also include 2 | - |

| | | | | |
|---|---|---|---|---|
| | | | years of merchant banking experience with a leading merchant banking firm. | |

## F. HOW IS THE INVESTMENT STRATEGY DIFFERENT FROM EXISTING INVESTMENT STRATEGY OF THE SIF?

As on date there are no existing investment strategies under the Hybrid Investment Strategies category launched by Infinity SIF.

## G. HOW HAS THE INVESTMENT STRATEGY PERFORMED

Since this Investment Strategy is a new Investment strategy, it does not have any performance track record.

## H. ADDITIONAL INVESTMENT STRATEGY RELATED DISCLOSURES

**This is a new Investment Strategy and therefore, the requirement of following additional disclosures shall not be applicable for the Investment Strategy.**

a. **Investment Strategy's portfolio holdings (top 10 holdings by issuer and fund allocation towards various sectors.)** – Since this is a new Investment Strategy, the portfolio holdings are not available

b. **Functional website link for Portfolio Disclosure -** Since this is a new Investment Strategy, the portfolio holdings are not available

c. **Portfolio Turnover Rate –** Since this is a new Investment Strategy, the portfolio holdings are not available

d. **Functional website link to the respective addendums to the SID after the last update of SID:** Not Applicable.

e. **Aggregate investment in the Investment Strategy by:** Since this is a new Investment Strategy, the portfolio holdings are not available

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

f. **Investments of AMC in the Investment Strategy**

Pursuant to Regulation 22(3)(a) of the SEBI (MF) Regulations, 2026, AMC shall invest in the strategy based on the risk associated with the strategy as specified in para 7.13 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 read with AMFI Best Practice Guidelines Circular 135/BP/100/2022-23 dated 26th April 2022 and any other circulars issued there under, from time to time. In addition to investments as mandated above, the AMC may invest in the strategy subject to the SEBI (MF) Regulations. Under the Regulations, the AMC is not permitted to charge any investment management and advisory services fee on its own investment in the Investment Strategy.

Details of Investments of AMC in the strategy will be available in the given link. - https://www.kotakmf.com/sif

## Part III- OTHER DETAILS

### A. COMPUTATION OF NAV

The AMC shall compute NAV of the Units of the Investment Strategy by dividing the net assets of the Investment Strategy by the number of Units outstanding on the valuation date.

The AMC shall value its investments according to the valuation norms (Valuation Policy includes computation of NAV in case of investment in foreign securities), as specified in the Seventh Schedule of the Regulations, or such guidelines / recommendations as may be specified by SEBI from time to time. The broad valuation norms are detailed in the Statement of Additional Information.

NAV of Units under the Investment Strategy will be calculated as shown below:

| | | | | | |
|---|---|---|---|---|---|
| NAV = | Market or Fair Value of Investment Strategy's investments | + | Current assets including Accrued Income | - | Current Liabilities and provisions including accrued expenses |
| | No. of Units outstanding under the Investment Strategy | | | | |

As per para 9.2.3 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, all expenses and incomes accrued upto the date of valuation shall be incorporated into the computation of net asset value. For this purpose, while major expenses like management fees and other periodic expenses shall be accrued on a day-to-day basis, other minor expenses and income need not be so accrued, provided the non-accrual does not affect the NAV calculations by more than 1%.

As per para 9.2.4 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, any changes in securities and in the number of units be recorded in the books of accounts no later than the first valuation date following the date of the transaction. If this is not possible given the frequency of the NAV disclosure, the recording may be delayed upto a period of 7 calendar days following the date of the transaction, provided that as a result of the non-recording, the NAV calculations shall not be affected by more than 1%.

As per para 9.2.5 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, in case the NAV of a scheme differs by more than 1%, due to nonrecording of the transactions, the investors or scheme/s as the case may be, shall be paid the difference in amount as follows:

(a) If the investors are allotted units at a price higher than NAV or are given a price lower than NAV at the time of sale of their units, they shall be paid the difference in amount by the scheme.
(b) If the investors are charged lower NAV at the time of purchase of their units or are given higher NAV at the time of sale of their units, asset management company shall pay the difference in amount to the scheme. The AMC may recover the difference from the investors.

The NAVs of the Investment Strategy and repurchase price of units will be calculated and disclosed on every Business Day on the website of the Infinity SIF viz https://www.kotakmf.com/sif and AMFI's website www.amfiindia.com by 11.00 p.m. on every business day. The NAV shall be computed up to three decimals. The NAV of Direct Plan will be different than the NAV of Regular Plan.

The income earned and the profits realized in respect of the Units issued under the Growth Option remain invested and are reflected in the NAV of the Units.

**Illustration for Computation of NAV:**

$$\text{NAV} = \frac{\text{Market or Fair Value of Scheme's investments} + \text{Current assets including Accrued Income} - \text{Current Liabilities and provisions including accrued expenses}}{\text{No. of Units outstanding under the Scheme/Option.}}$$

$$10.109 = \frac{10{,}01{,}00{,}000.00 + 10{,}00{,}000.00 - 10{,}000.00}{1{,}00{,}00{,}000.00} \qquad \frac{10{,}10{,}90{,}000.00}{1{,}00{,}00{,}000.00}$$

As required under the Regulations, the asset management company shall ensure that exit load of an open-ended mutual fund scheme shall not exceed three per cent of the Net Asset Value of the scheme.

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

## B. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid, marketing and advertising, registrar expenses, printing and stationery, bank charges etc.

The AMC shall ensure that no NFO expenses will be charged to the Investment Strategy.

## C. ANNUAL RECURRING EXPENSES

These are the fees and expenses for operating the SIF Investment Strategy. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc.:

The AMC has estimated that the following percentage daily net assets of the Investment Strategy will be charged to the SIF Investment Strategy as expenses. For the actual current expenses being charged, the investor should refer to the website of the Infinity SIF viz. https://www.kotakmf.com/sif.

As per Regulation 67 of SEBI (MF) Regulations,2026, the total of all expenses charged to the investors of the SIF investment strategy, shall be total of expense charged within the base limit specified under sub-regulation 7 of regulation 66, brokerage cost permitted under sub regulation 9 of regulation 66, transaction cost incurred for the purpose of execution of trade as referred under sub-regulation 10 of regulation 66, and statutory levies

**Base Expense Ratio (Regulation 66(7):** Base limit specified under sub-regulation 7 of regulation 66 shall be subject to following limits

| **Assets under management Slab (In Rs. crore)** | **Total expense ratio limits** |
|---|---|
| on the first Rs.500 crores of the daily net assets | 1.85 % |
| on the next Rs.250 crores of the daily net assets | 1.65 % |
| on the next Rs.1,250 crores of the daily net assets | 1.40 % |
| on the next Rs.3,000 crores of the daily net assets | 1.25 % |
| on the next Rs.5,000 crores of the daily net assets | 1.15 % |
| on the next Rs.40,000 crores of the daily net assets | Expense ratio reduction of 0.05% for every increase of Rs.5,000 crores of daily net assets or part thereof. |
| on balance of the assets | 0.70 % |

**Total Expense Ratio for the Investment Strategy**

| **Expense Head** | **% p.a. of daily Net Assets* (Estimated p.a.)** |
|---|---|
| Investment Management and Advisory Fees | Upto 1.85% |
| Audit fees/fees and expenses of trustees | |
| Custodial Fees | |
| Registrar & Transfer Agent Fees including cost of providing account statements / IDCW / redemption cheques/ warrants | |
| Marketing & Selling Expenses including fees, commission and charges towards distribution of mutual fund schemes | |
| Costs related to investor communications | |
| Costs of fund transfer from location to location | |
| Cost towards investor education, awareness and financial inclusion (at least 2 bps) $ | |
| Brokerage & transaction cost pertaining execution of trade | |
| Cost of statutory advertisements | |
| Other Expenses (to be specified as per Reg 66 of SEBI MF Regulations) | |
| **Maximum Base expenses ratio (BER) permissible under Regulation 66** | Upto 1.85 % |
| Brokerage cost as referred under sub-regulation 9 of regulation 66 | Upto 6 bps and 2 bps for cash market transactions and derivatives transactions respectively. |

| | |
|---|---|
| Transaction cost incurred for the purpose of execution of trade as referred under sub-regulation 10 of regulation 66 | As Applicable |
| Statutory levies @ (including GST) on all expenses excluding brokerage and transaction cost | As applicable |
| Statutory levies @ (including GST) on brokerage and transaction cost | As applicable |

@ As per Regulation 2(yy), statutory levy means levy imposed by state government and central government such as GST, STT, Stamp duty etc.

$ As per para 11.9 of SEBI Master circular no HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, the AMC/Mutual Fund shall annually set apart at least 2 basis point (i.e. 0.02%) of daily net asset of the Scheme within the maximum limit of Total Expense Ratio as per Regulation 66 of SEBI (MF) Regulations for investor education, awareness and financial inclusion

**Brokerage cost as referred under sub-regulation 9 of regulation 66**

The following brokerage cost may be charged to the SIF Investment Strategy under Regulation 66(9), -

- Brokerage cost incurred for the purpose of execution of trade shall be charged to the SIF Investment Strategy over and above base expenses ratio (a) upto 6 bps and 2 bps for cash market transactions and derivatives transactions respectively. Any payment towards brokerage costs, over and above the said 6 bps and 2 bps for cash market transactions and derivatives transactions respectively shall be part of the base expense ratio limit specified under Regulation 66(7).

**Transaction cost incurred for the purpose of execution of trade as referred under sub-regulation 10 of regulation 66:**
Transaction cost incurred for the purpose of execution of namely regulatory levies and any other expenses charged by the stock exchanges, clearing corporation, and clearing house, as applicable shall be charged to SIF investment strategy over and above base total expenses ratio prescribed in Regulation 66(7)

**Statutory Levies charge to Investors**
All Statutory levies imposed by state government and central government shall be charged to the SIF Investment Strategy in addition to the maximum limit of BER as prescribed in Regulation 66(7)

No charges other than the base expense ratio, brokerage cost, transaction cost, statutory levy and exit load including levies as may be specified by the Board, shall be charged to the investors.

**Expense Structure for Direct Plan**– The annual recurring expenses will be within the limits specified under the SEBI (Mutual Funds) Regulations, 2026.

Commission/ Distribution expenses will not be charged in case of Direct Plan. The TER of Direct Plan will be lower than Regular Plan.

In terms of the SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2018/137 dated October 22, 2018, all fees and expenses charged in a direct plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in a regular plan. The expenses would exclude distribution expenses, commission, etc and no commission for distribution of Units will be paid / charged under Direct Plan.

Clause 3 of Sixth Schedule of SEBI (Mutual Funds) Regulations 2026, read with Para 13.14.1 of SEBI Master Circular no. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 which restricts investments in mutual fund units upto 5% of net assets and prohibits charging of fees, shall not be applicable to investments in mutual funds in foreign countries made in accordance with guidelines para 13.11 of SEBI Master Circular no. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026. However, the management fees and other expenses charged by the mutual fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund scheme shall not exceed the total limits on expenses as prescribed under Regulation 66(7). Where the SIF investment strategy is investing only a part of the net assets in the overseas mutual fund(s), the same principle shall be applicable for that part of investment.

The aforesaid estimates are made in good faith by the Investment Manager and are subject to change inter se among the various heads of expenses and between the Plans. It may also be noted that the total expenses of the Plans will also be subject to change within the overall limits of expenses under Regulation 67. Actual expenses under any head and / or the total expenses may be more or less than the estimates. The Investment Manager retains the right to charge the actual expenses to the SIF Investment Strategy, however the expenses charged will not exceed the statutory limit prescribed by the Regulations. There will be no sub limit on management fee, and it shall be within the overall TER specified above.

**Illustration of impact of expense ratio on Investment Strategy returns:**

| **Particulars** | **Regular Plan** | **Direct Plan** |
|---|---|---|
| Amount Invested at the beginning of the year | 10,000 | 10,000 |
| Annual Returns before Expenses | 800 | 800 |
| Expenses other than Distribution Expenses | 75 | 75 |
| Distribution Expenses / Commission | 25 | - |
| **Returns after Expenses at the end of the Year** | **700** | **725** |

Illustration is given to understand the impact of expense ratio on a Investment Strategy return and this should not be construed as an indicative return of the Investment Strategy. The expenses of the Direct Plan under the Investment Strategy will be lower to the extent of distribution expenses/ commission.

## D. LOAD STRUCTURE

Exit Load is an amount which is paid by the investor to redeem the units from the Investment Strategy. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of https://www.kotakmf.com/sif or may call at 18003091490 or your distributor.

| Type of Load | Load chargeable (as % age of NAV) |
|---|---|
| Exit | Nil |

Units issued on reinvestment of IDCW shall not be subject to entry and exit load.

No exit load will be chargeable in case of switches made between different plan/options of the strategy

In terms of Para 11.7 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, no entry load will be charged on purchase / additional purchase / switch-in. The commission as specified in aforesaid circular, if any, on investment made by the investor shall be paid by the investor directly to the Distributor, based on his assessment of various factors including the service rendered by the Distributor.

Any exit load charged (net of Goods and Services tax, if any) shall be credited back to the Investment Strategy.

Any imposition or enhancement of Load in future shall be applicable on prospective investments only. For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centres. In case of changes in load structure the addendum carrying the latest applicable load structure shall be attached to all KIM and ISID already in stock till it is updated.

Investors may obtain information on loads on any Business Day by calling the office of the AMC or any of the Investor Service Centers. Information on applicability of loads will also be provided in the Account Statement.

As required under the Regulations, the asset management company shall ensure that exit load of an open-ended mutual fund scheme shall not exceed three per cent of the Net Asset Value of the scheme.

The investor is requested to check the prevailing load structure of the strategy before investing.

## Section II

## I. Introduction

### A. Definitions/interpretation

Please refer the definitions/interpretation as disclosed on our website under: https://www.kotakmf.com/sif

### B. Risk factors

**Investment Strategy Specific Risk Factors:**

Infinity Hybrid Long Short Fund will invest in equity and equity related instruments, derivatives for hedging (including index futures, stock futures, index options, & stock options, etc. as part of hedged / arbitrage exposure, derivative strategies like Covered calls, protective Puts etc.), unhedged derivatives (Short derivatives and portfolio rebalancing etc.), Debt and Money Market Instruments, including Units of Debt oriented mutual fund schemes, debt derivatives, units issued by InvITs etc. and such other asset classes permitted by SEBI time to time. . Different asset class carry different types of risk as mentioned in the ISID. Accordingly, the Investment Strategy's risk may increase or decrease depending upon the investment pattern. Trading volumes and settlement periods inherently restrict the liquidity of the Investment Strategy's investments. In the event of a restructuring of the Investment Strategy's investment portfolio, these periods may become significant.

**Risks associated with Capital Markets or Equity Markets (i.e. Markets in which Equity Shares or Equity oriented instruments are issued and traded)**

- **Price fluctuations and Volatility:**
  Mutual Funds, like securities investments, are subject to market and other risks and there can be neither a guarantee against loss resulting from an investment in the Scheme nor any assurance that the objective of the Scheme will be achieved. The NAV of the Units issued under the Scheme can go up or down because of various factors that affect the capital market in general, such as, but not limited to, changes in interest rates, government policy and volatility in the capital markets. Pressure on the exchange rate of the Rupee may also affect security prices.

- **Concentration / Sector Risk:**
  When a Mutual Fund Scheme, by mandate, restricts its investments only to a particular sector; there arises a risk called concentration risk. If the sector, for any reason, fails to perform, the portfolio value will plummet and the Investment Manager will not be able to diversify the investment in any other sector. Investments under this scheme will be in a portfolio of diversified equity or equity related stocks spanning across a few selected sectors. Hence the concentration risks could be high.

- **Liquidity Risks:**
  Liquidity in Equity investments may be affected by trading volumes, settlement periods and transfer procedures. These factors may also affect the Scheme's ability to make intended purchases/sales, cause potential losses to the Scheme and result in the Scheme missing certain investment opportunities. These factors can also affect the time taken by KMMF for redemption of Units, which could be

significant in the event of receipt of a very large number of redemption requests or very large value redemption requests. In view of this, redemption may be limited or suspended after approval from the Boards of Directors of the AMC and the Trustee, under certain circumstances as described in the Statement of Additional Information.

- **Potential Loss associated with Derivative Trading pertaining to Equity Markets :**

a) In case of investments in index futures, the risk would be the same as in the case of investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks. In case futures are used for hedging a portfolio of stocks, which is different from the index stocks, the extent of loss could be more or less depending on the coefficient of variation of such portfolio with respect to the index; such coefficient is known as Beta.

b) The risk (loss) for an options buyer is limited to the premium paid, while the risk (loss) of an options writer is unlimited, the latter's gains being limited to the premiums earned.. The writer of a put option bears a 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.

- **Potential Loss associated with Securities Lending :-**
  In the case of securities lending the additional risk is that there can be temporary illiquidity of the securities that are lent out and the Fund may not be able to sell such lent-out securities, resulting in an opportunity loss. In case of a default by counterparty, the loss to the Fund can be equivalent to the securities lent.

**Risks associated with Debt / Money Markets (i.e. Markets in which Interest bearing Securities or Discounted Instruments are traded)**

**i. Credit Risk:**

Securities carry a Credit risk of repayment of principal or interest by the borrower. This risk depends on micro-economic factors such as financial soundness and ability of the borrower as also macro-economic factors such as Industry performance, Competition from Imports, Competitiveness of Exports, Input costs, Trade barriers, Favourability of Foreign Currency conversion rates, etc.

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"), with about 6 distinct ratings between the two extremes.

The highest credit rating (i.e. lowest credit risk) commands a low yield for the borrower. Conversely, the lowest credit rated borrower can raise funds at a relatively higher cost. On account of a higher credit risk for lower rated borrowers lenders prefer higher rated instruments further justifying the lower yields.

**ii. Price-Risk or Interest-Rate Risk:**

From the perspective of coupon rates, Debt securities can be classified in two categories, i.e., Fixed Income bearing Securities and Floating Rate Securities. In Fixed Income Bearing Securities, the Coupon rate is determined at the time of investment and paid/received at the predetermined frequency. In the Floating Rate Securities, on the other hand, the coupon rate changes - 'floats' - with the underlying benchmark rate, e.g., MIBOR, 1 yr. Treasury Bill.

Fixed Income Securities (such as Government Securities, bonds, debentures and money market instruments) where a fixed return is offered, run price-risk. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, the payment-frequency of such coupon, days to maturity and the increase or decrease in the level of interest rates. The prices of Government Securities (existing and new) will be influenced only by movement in interest rates in the financial system. Whereas, in the case of corporate or institutional fixed income securities, such as bonds or debentures, prices are influenced not only by the change in interest rates but also by credit rating of the security and liquidity thereof.

Floating rate securities issued by a government (coupon linked to treasury bill benchmark or a real return inflation linked bond) have the least sensitivity to interest rate movements, as compared to other securities. The Government of India has already issued a few such securities and the Investment Manager believes that such securities may become available in future as well. These securities can play an important role in minimizing interest rate risk on a portfolio.

**iii. Risk of Rating Migration:**

The following table illustrates the impact of change of rating (credit worthiness) on the price of a hypothetical AA rated security with a maturity period of 3 years, a coupon of 10.00% p.a. and a market value of Rs. 100. If it is downgraded to A category, which commands a market yield of, say, 11.50% p.a., its market value would drop to Rs. 98.76 (i.e. 1.24%) If the security is up-graded to AAA category which commands a market yield of, say, 9.60% p.a. its market value would increase to Rs103.48 (i.e. by 3.48%). The figures shown in the table are only indicative and are intended to demonstrate how the price of a security can be affected by change in credit rating.

| Rating | Yield (% p.a.) | Market Value (Rs.) |
|---|---|---|
| AA | 11.00 | 100.00 |
| If upgraded to AAA | 9.60 | 103.48 |
| If downgraded to A | 11.50 | 98.76 |

**iv. Basis Risk:**

During the life of floating rate security or a swap the underlying benchmark index may become less active and may not capture the actual movement in the interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio. Where swaps are used to hedge an underlying fixed income security, basis risk could arise when the fixed income yield curve moves differently from that of the swap benchmark curve.

**v. Spread Risk:**

In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However, depending upon the market conditions the spreads may move adversely or favourably leading to fluctuation in NAV.

**vi. Reinvestment Risk:**

Investments in fixed income securities 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.

**vii. Liquidity Risk:**
The corporate debt market is relatively illiquid vis-a- vis the government securities market. There could therefore be difficulties in exiting from corporate bonds in times of uncertainties. Liquidity in a strategy therefore may suffer. Even though the Government Securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through. In view of this, redemption may be limited or suspended after approval from the Boards of Directors of the AMC and the Trustee, under certain circumstances as described elsewhere in the SAI.

**Risk factors associated with Repo in Corporate Debt Securities**

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

- **Counterparty Risk:** Counterparty risk refers to the inability of the seller to meet the obligation to buy back securities at the contracted price on the contracted date. In case of over the counter (OTC) repo trades, the investment manager will endeavour to manage counterparty risk by dealing only with counterparties having strong credit profiles. Also, the counter-party risk is to an extent mitigated by taking collateral equivalent in value to the transaction after knocking off a minimum haircut on the intrinsic value of the collateral. In the event of default by the repo counterparty, the investment strategy shall have recourse to the corporate debt securities. In case the repo transaction is executed on exchange platform approved by RBI/SEBI, the exchange may also provide settlement guarantee.

- **Collateral Risk:** Collateral risk arises when the market value of the securities is inadequate to meet the repo obligations. This risk can be partly mitigated by restricting participation in repo transactions only in corporate debt securities which are approved by credit risk team. Additionally, to address the risk related to reduction in market value of corporate debt security held as collateral due to credit rating downgrade, the repo contract can incorporate either an early termination of the repo agreement or call for fresh margin to meet the minimum haircut requirement or call for replacement of security with eligible security. Moreover, the investment manager may apply a higher haircut on the underlying security than required as per RBI/SEBI regulation to adjust for the illiquidity and interest rate risk on the underlying instrument. To mitigate the risk of price reduction due to interest rate changes, the adequacy of the collateral can be monitored on a daily basis by considering the daily market value & applying the prescribed haircut. The investment manager or the exchange can then arrange for additional collateral from the counterparty, within a prespecified period. If the counterparty is not able to top-up either in form of cash / collateral, it would tantamount to early termination of the repo agreement, and the outstanding amount can be recovered by sale of collateral.

**Risk factors associated with investing in Non- Convertible Preference Shares**

- **Credit Risk:** Credit risk is the risk that an issuer will be unable to meet its obligation of payment of dividend and/ or redemption of principal amount on the due date. Further, for non-cumulative preference shares, issuer also has an option to not pay dividends on preference shares in case of inadequate profits in any year.

- **Liquidity Risk:** The preference shares generally have limited secondary market liquidity and thus we may be forced to hold the instrument till maturity.

- **Unsecured in nature** - Preference shares are unsecured in nature and rank lower than secured and unsecured debt in hierarchy of payments in case of liquidation. Thus there is significant risk of capital erosion in case the company goes into liquidation.

**Risks associated with investment in unlisted securities:** Except for any security of an associate or group company, the investment strategy can invest in securities which are not listed on a stock exchange ("unlisted Securities") which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market and there can be no assurance that the Investment strategy will realise their investments in unlisted securities at a fair value.

- Investment in unrated instruments may involve a risk of default or decline in market value higher than rated instruments due to adverse economic and issuer-specific developments. Such investments display increased price sensitivity to changing interest rates and to a deteriorating economic environment. The market values for unrated investments tends to be more volatile and such securities tend to be less liquid than rated debt securities.

**Risk Associated with Investment in Derivatives Market**

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investment.

There are certain risks inherent in derivatives. These are:

**a)** Basis Risk – This risk arises when the derivative instrument used to hedge the underlying asset does not match the movement of the underlying being hedged for e.g. mismatch between the maturity date of the futures and the actual selling date of the asset.

**b)** Limitations on upside: Derivatives when used as hedging tool can also limit the profits from a genuine investment transaction.

**c)** Liquidity risk pertains to how saleable a security is in the market. All securities/instruments irrespective of whether they are equity, bonds or derivates may be exposed to liquidity risk (when the sellers outnumber buyers) which may impact returns while exiting opportunities.

**d)** In case of investments in index futures, the risk would be the same as in the case of investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks. In case futures are used for hedging a portfolio of stocks, which is different from the index stocks, the extent of loss could be more or less depending on the coefficient of variation of such portfolio with respect to the index; such coefficient is known as Beta.

**e)** The risk related to hedging for use of derivatives, (apart from the derivatives risk mentioned above) is that event of risk, which we were anticipating and hedged our position to mitigate it, does not happen. In such case, the cost incurred in hedging the position would be an avoidable charge to the strategy net assets.

**f)** Credit Risk – The credit risk in derivative transaction is the risk that the counter party will default on its obligations and is generally low, as there is no exchange of principal amounts in a IRS / IRF derivative transaction. With the implementation of physical settlement of stocks in equity derivative segment, though there is an element of risk of stock / funds not being received, the same is mitigated due to settlement guarantee similar to equity cash market segment.

**g)** Interest Rate Risk – interest rate is one of the variables while valuing derivatives such as futures & options. For example, with everything remaining constant, when interest rates increase, the price of Call option would increase. Thus, fluctuations in interest rates would result in volatility in the valuation of derivatives.

**h)** Model Risk **-** A variety of models can be used to value options. Hence, the risk to the fund is that the fund manager buys a particular option using a particular valuation model (on the basis of which the option seems to be fairly priced or cheap) but the market is valuing it using another valuation model and according to which the option may be expensive.

**i)** The risk (loss) for an option buyer is limited to the premium paid, while the risk (loss) of an option writer is unlimited, the latter's gain being limited to the premiums earned. However, in case option positions have underlying assets all losses due to price-movement beyond the strike price will actually be an opportunity loss. The writer of a put option bears a risk of loss if the value of the underlying asset declines below the strike price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the strike price.

**Numerical example of risk involved** (For illustration purposely only)

Due to ease of execution and settlement, index futures are an efficient way of buying / selling an Index compared to buying / selling a portfolio of physical shares representing an Index. Index futures can be an efficient way of achieving a Scheme's investment objectives. Index futures may do away with the need for trading in individual components of the Index, which may not be possible at times, keeping in mind the circuit filter system and the liquidity in some of the scripts. Index futures can also be helpful in reducing transaction costs and processing costs on account of ease of execution of one trade compared to several trades of shares comprising the Index and will be easy to settle compared to physical portfolio of shares representing an Index

The National Stock Exchange and the Bombay Stock Exchange introduced Index futures on Nifty (NSE-50) and Sensex (BSE 30) for three serial months. For example, in the month of April 2024, three futures were available i.e. May, June and July 2024, each expiring on the last working Thursday of the respective month

Let us assume the Nifty Index was 19,638.3 as on May 30,2025 and three future indices were available as under:

| Month | Bid Price | Offer Price |
|---|---|---|
| Jun 2025 | 19708 | 19710 |

| | | |
|---|---|---|
| July 2025 | 19824 | 19828 |
| Aug 2025 | 19930 | 19940 |

The Fund could buy an Index of Jun 2025 as on May 30, 2025 at an offer price of 19710. The Fund would have to pay the initial margin as regulated by the exchanges and settle its Index position with daily marked to market i.e. receive profits/pay losses on a daily basis.

The following is a hypothetical example of a typical index future trade and the associated costs compared with physical stocks.

**(Amount in Rupees)**

| **Particulars** | **Index Future** | **Actual Purchase of Stocks** |
|---|---|---|
| Index as on May 30, 2025 | 19638.3 | 19638.3 |
| Jun 2025Futures Cost | 19710 | |
| **A. Execution Cost** | | |
| Carry costs (19710-19638.3) | 71.7 | Nil |
| **B. Brokerage Cost** | | |
| Assumed at 0.02% for Index Future and 0.05% for spot stocks<br>(0.02% of 19710)<br>(0.05% of 19638.3) | 3.94 | 9.82 |
| **C. Securities Transaction Tax**<br>STT for Index Futures is Nil<br>STT for Spot Stocks is 0.10%<br>(0.10% of 19638.3) | Nil | 19.64 |
| **D. Gains on Surplus Funds**<br>(Assuming 6% return on 81% of the money left after paying (19% margin)<br>(6% x 19638.3 x 81% x 27 days ÷ 365) | (70.6) | Nil |
| Cash Market/ Sale Price at expiry | 19800 | 19800 |
| **E. Brokerage on Sale** | | |
| Assumed at 0.02% for Index Future and 0.05% for Spot stocks<br>(0.02% of 19800)<br>(0.05% of 19800) | 3.96 | 9.9 |
| **F. Securities Transaction Tax**<br>STT for Index Futures is 0.0125%<br>STT for Spot Stocks is 0.10%<br>(0.0125% of 19800)<br>(0.10% of 19800) | 2.48 | 19.8 |
| **Total Cost (A+B+C-D+E+F)** | **11.48** | **59.16** |
| **Profit** | **150.22** | **102.54** |

As the above example demonstrates, the cost differential between purchasing Index Future and 50 stocks compromising Nifty (NSE-50) is a function of the carrying cost, the interest earned available to Fund Managers and the brokerage cost applicable in both cases. However, as mentioned earlier, as the Indian equity markets continues to have limitations in execution of trades due to the lack of adequate liquidity and the concept of circuit breakers, index future can allow a fund to buy all the stocks comprising the index at a nominal additional cost.

Please note that the above example is hypothetical in nature and the figures, brokerage rates etc. are assumed. In case the execution and brokerage costs on purchase of Index Futures are high and the returns on surplus funds are less, buying of index future may not be beneficial as compared to buying stocks comprising the Index. The actual return may vary based on actuals and depends on final guidelines / procedures and trading mechanism as envisaged by stock exchanges and other regulatory authorities.

j) **Potential Loss associated with Derivative Trading pertaining to Debt Markets:**
The use of an Interest Rate Swap ('IRS') does not eliminate the credit (default) risk on the original investment. While the fixed to floating rate IRS reduces interest rate risk caused by rise in interest rates, it also restricts the profit in case interest rates decline. In case of a floating to fixed rate swap, any subsequent rise in interest rates will result in a loss like in any fixed rate investment. Any IRS carries, the risk of default of the counter party to the swap, which may lead to a loss. Such loss is usually, a small proportion of the notional principal amount of the swap.

**Risks associated with Covered Call Strategy:**

- The risk associated with a covered call is the loss of upside, i.e. If the underlying price rises above the strike, the short call loses its value as much as the underlying stock gains
- The strategy may write covered call option only in case it has adequate number of underlying equity shares as per regulatory requirement. This means to set aside a portion of investment in underlying equity shares. In case of change in view, the strategy may not be able to sell the underlying equity shares immediately. If covered call options are sold to the maximum extent allowed by regulatory authority.
- 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 strategy 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 total gross exposure related to option premium paid and received must not exceed the regulatory limits of the net assets of the scheme. This may restrict the ability of Investment Strategy to trade in options.

**Risks Factors associated with investing in Unhedged short Derivatives :**

Short exposure derivative strategies include shorting futures, buying puts or put spreads, and selling calls or call spreads etc. These methods carry the risk of theoretically unlimited losses. These strategies carry the risk of potentially unlimited losses, particularly in instances involving uncovered short positions. Strategies involving short positions, such as synthetic stock or income generation through writing options, may require significant margins. Failure to meet margin obligations could result in forced liquidations at unfavourable prices, impacting portfolio performance.

**Risks Factors associated with investing in Credit Default Swap (CDS)**

**Credit Risk:** Protection sellers assume the risk of default by the reference entity. Buyers face basis risk if CDS doesn't fully cover losses.

**Counterparty Risk:** Risk that the CDS counterparty fails to meet obligations, especially during credit events. If a credit event occurs, such as the default of the reference entity, the protection seller is obligated to compensate the protection buyer for the losses incurred. However, if the protec□on seller defaults, the protection buyer may not receive the compensation owed, exposing them to the full credit risk associated with the reference entity.

**Market Risk:** CDS spreads are sensitive to credit events, interest rates, and market sentiment—leading to valuation volatility.

**Liquidity Risk:** India's CDS market is nascent and illiquid, making it difficult to enter/exit positions during stress.

**Operational & Legal Risk:** Complex documentation, settlement processes can lead to errors or disputes.

**Regulatory Risk:** Strict SEBI & RBI rules govern CDS participation, usage, and exposure limits. Non-compliance can lead to penalties or forced unwinding.

**Risks associated with Securitised Debt:**

The strategy may from time to time invest in domestic securitised debt, for instance, in asset backed securities (ABS) or mortgage backed securities (MBS). Typically, investments in securitised debt carry credit risk (where credit losses in the underlying pool exceed credit enhancement provided, (if any) and the reinvestment risk (which is higher as compared to the normal corporate or sovereign debt). The underlying assets in securitised debt are receivables arising from automobile loans, personal loans, loans against consumer durables, loans backed by mortgage of residential / commercial properties, underlying single loans etc.

ABS/MBS instruments reflect the proportionate undivided beneficial interest in the pool of loans and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. Investments in securitised debt is largely guided by following factors:

- Attractive yields i.e. where securitised papers offer better yields as compared to the other debt papers and also considering the risk profile of the securitised papers.
- Diversification of the portfolio
- Better performance

Broadly following types of loans are securitised:

a) **Auto Loans**
The underlying assets (cars etc.) are susceptible to depreciation in value whereas the loans are given at high loan to value ratios. Thus, after a few months, the value of asset becomes lower than the loan outstanding. The borrowers, therefore, may sometimes tend to default on loans and allow the vehicle to be repossessed.

These loans are also subject to model risk. i.e. if a particular automobile model does not become popular, loans given for financing that model have a much higher likelihood of turning bad. In such cases, loss on sale of repossession vehicles is higher than usual.

Commercial vehicle loans are susceptible to the cyclicality in the economy. In a downturn in economy, freight rates drop leading to higher defaults in commercial vehicle loans. Further, the second hand prices of these vehicles also decline in such economic environment.

b) **Housing Loans**
Housing loans in India have shown very low default rates historically. However, in recent years, loans have been given at high loan to value ratios and to a much younger borrower classes. The loans have not yet gone through the full economic cycle and have not yet seen a period of declining property prices. Thus the performance of these housing loans is yet to be tested and it need not conform to the historical experience of low default rates.

c) **Consumer Durable Loans**

- The underlying security for such loans is easily transferable without the bank's knowledge and hence repossession is difficult.
- The underlying security for such loans is also susceptible to quick depreciation in value. This gives the borrowers a high incentive to default.

d) **Personal Loans**
These are unsecured loans. In case of a default, the bank has no security to fall back on. The lender has no control over how the borrower has used the borrowed money.

Further, all the above categories of loans have the following common risks:

- All the above loans are retail, relatively small value loans. There is a possibility that the borrower takes different loans using the same income proof and thus the income is not sufficient to meet the debt service obligations of all these loans.
- In India, there is no ready database available regarding past credit record of borrowers. Thus, loans may be given to borrowers with poor credit record.
- In retail loans, the risks due to frauds are high.

e) **Single Loan PTC**
A single loan PTC is a securitization transaction in which a loan given by an originator (Bank/ NBFC/ FI etc.) to a single entity (obligor) is converted into pass through certificates and sold to investors. The transaction involves the assignment of the loan and the underlying receivables by the originator to a trust, which funds the purchase by issuing PTCs to investors at the discounted value of the receivables. The PTCs are rated by a rating agency, which is based on the financial strength of the obligor alone, as the PTCs have no recourse to the originator.

The advantage of a single loan PTC is that the rating represents the credit risk of a single entity (the obligor) and is hence easy to understand and track over the tenure of the PTC. The primary risk is that of all securitized instruments, which are not traded as often in the secondary market and hence carry an illiquidity risk. The structure involves an assignment of the loan by the originator to the trustee who then has no interest in monitoring the credit quality of the originator. The originator that is most often a bank is in the best position to monitor the credit quality of the originator. The investor then has to rely on an external rating agency to monitor the PTC. Since the AMC relies on the documentation provided by the originator, there is a risk to the extent of the underlying documentation between the seller and underlying borrower.

**Risk factors associated with investments in Perpetual Debt Instrument (PDI):** Perpetual Debt instruments are issued by Banks, NBFCs and corporates to improve their capital profile. Some of the PDIs issued by Banks which are governed by the RBI guidelines for Basel III Capital Regulations are referred to as Additional Tier I (AT1 bonds). While there are no regulatory guidelines for issuance of PDIs by corporate bodies, NBFCs issue these bonds as per guidelines issued by RBI. The instruments are treated as perpetual in nature as there is no fixed maturity date. The key risks associated with these instruments are highlighted below:

**Key Risk Factors: -**

- Risk on coupon servicing Banks As per the terms of the instruments, Banks may have discretion at all times to cancel distributions/ payment of coupons. In the event of non-availability of adequate distributable reserves and surpluses or inadequacy in terms of capital requirements, RBI may not allow banks to make payment of coupons. NBFCs While NBFCs may have discretion at all times to cancel payment of coupon, coupon can also be deferred (instead of being cancelled), in case paying the coupon leads to breach of capital ratios. Corporates usually have discretion to defer the payment of coupon. However, the coupon is usually cumulative and any deferred coupon shall accrue interest at the original coupon rate of the PDI.

- Risk of write-down or conversion into equity Banks As per the regulatory requirements, Banks have to maintain a minimum Common Equity Tier-1 (CET-1) ratio of Risk Weighted Assets (RWAs), failing which the AT-1 bonds can get written down. Further, AT-1 Bonds are liable to be written down or converted to common equity, at the discretion of RBI, in the event of Point of Non Viability Trigger (PONV). PONV is a point, determined by RBI, when a bank is deemed to have become non-viable unless there is a write off/ conversion to equity of AT-1 Bonds or a public sector capital injection happens. The write off/conversion has to occur prior to public sector injection of capital. This risk is not applicable in case of NBFCs and Corporates.

- Risk of instrument not being called by the Issuer Banks The issuing banks have an option to call back the instrument after minimum specified period from the date of issuance and thereafter, subject to meeting the RBI guidelines. However, if the bank does not exercise the call on first call date, the Investment strategy may have to hold the instruments for a period beyond the first call exercise date. NBFCs The NBFC issuer has an option to call back the instrument after minimum specific period as per the regulatory requirement from date of issuance and thereafter, subject to meeting the RBI guidelines. However, if the NBFC does not exercise the call option the Investment strategy may have to hold the instruments for a period beyond the first call exercise date. Corporates There is no minimum period for call date. However, if the corporate does not exercise the call option, the Investment strategy may have to hold the instruments for a period beyond the call exercise date.

**Risk factors associated with Imperfect Hedging:**

Holders of Debt securities are exposed to the risk of rising interest rates, which in turn results in the reduction in the value of their portfolio. So in order to protect against a fall in the value of their portfolio due to falling bond prices, they can take short position in IRF contracts. However, there is a possibility that the hedge may be an imperfect

- Potential loss associated with imperfect hedge using IRFs – While using such strategy may reduce interest rate risk caused by rise in interest rates, it also restricts the profit in case interest rates decline.

- The risk related to hedging for use of derivatives, (apart from the derivatives risk mentioned above) is that event of risk, which we were anticipating and hedged our position to mitigate it, does not happen. In such case, the cost incurred in hedging the position would be a avoidable charge to the strategy net assets.
- Limitations on upside: Derivatives when used as hedging tool can also limit the profits from a genuine investment transaction.
- Credit Risk – The credit risk in derivative transaction is the risk that the counter party will default on its obligations and is generally low, as there is no exchange of principal amounts in a IRS / IRF derivative transaction.
- Liquidity risk pertains to how saleable a security is in the market. All securities/instruments irrespective of whether they are equity, bonds or derivatives may be exposed to liquidity risk (when the sellers outnumber buyers) which may impact returns while exiting opportunities.
- Movement in the prices of securities in the portfolio and the IRF contract used to hedge part of the portfolio may lead to basis risk due to imperfect correlation. Thus, the loss on the portfolio may be different from the gain of the hedged position entered using the IRF.

**Example:**

Date: 09/06/2025

Spot price of 7.61% GOI 2030 Security: Rs. 106.50

Futures price of IRF Contract6.79 G GOI 2027: Rs. 101.45

On 09/06/2025 XYZ bought 2000 GOI securities from spot market at Rs. 106.50. He anticipates that the interest rate will rise in near future. Therefore, to hedge the exposure in underlying market he may sell July 2025. Interest Rate Futures contracts at Rs. 101.45

On 24/07/2025 due to steepening of curve the more than 10 yr yield went up while the benchmark 10 yr yields came down:

Spot price of GOI Security: Rs. 106.03

Futures Price of IRF Contract: Rs. 102.06

Loss in underlying market will be (106.50-106.03)*2000 = Rs. 940

Loss in the Futures market will be (101.45-102.06)*2000 = Rs. 1220

Therefore, there is a loss in both trades leading to more risk while trying to hedge the risk.

**Risk associated with investment in Government securities and Tri-Party Repo on Government securities or treasury bills:**

The mutual fund is a member of securities segment and Triparty repo on Government securities or treasury bills trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Triparty repo on Government securities or treasury bills o trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counter party risks considerably for transactions in the said segments.

The members are required to contribute towards margin obligation (Initial / Mark to Market etc.) as per bye-laws of CCIL as also 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 discharging their obligation. As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members as determined by CCIL.

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

CCIL maintains 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 on Government securities or treasury bills trades. The mutual fund is exposed to the extent of its contribution to the default fund of CCIL, in the event that the contribution of the mutual fund is called upon to absorb settlement/ default losses of another member by CCIL, as a result the strategy may lose an amount equivalent to its contribution to the default fund.

**Risk envisaged and mitigation measures for repo transactions:**

Credit risks could arise if the counterparty does not return the security as contracted or interest received by the counter party on due date. This risk is largely mitigated, as the choice of counterparties is largely restricted and their credit rating is taken into account before entering into such transactions. Also operational risks are lower as such trades are settled on a DVP basis.

In the event of the strategy being unable to pay back the money to the counterparty as contracted, the counter party may dispose of the assets (as they have sufficient margin) and the net proceeds may be refunded to us. Thus the strategy may in remote cases suffer losses. This risk is normally mitigated by better cash flow planning to take care of such repayments.

**Risks associated with Investing in Structured Obligation (SO) & Credit Enhancement (CE) rated securities:**

The risks factors stated below for the Structured Obligations & Credit Enhancement are in addition to the risk factors associated with debt instruments.

- Credit rating agencies assign CE rating to an instrument based on any identifiable credit enhancement for the debt instrument issued by an issuer. The credit enhancement could be in various forms such as guarantee, shortfall undertaking, letter of comfort, pledge of shares listed on stock exchanges etc. from the issuers, promoters or another entity. This entity could be either related or non-related to the issuer like a bank, financial institution, etc. Hence, for CE rated instruments evaluation of the credit enhancement provider, as well as the issuer is undertaken to determine the issuer rating.

- SO transactions are asset backed/ mortgage backed securities, securitized paper backed by hypothecation of loan receivables, securities backed by trade receivables, credit card receivables etc. In case of SO rated issuer, the underlying loan pools or securitization, etc. is assessed to arrive at rating for the issuer.

- Liquidity Risk: SO rated securities are often complex structures, with a variety of credit enhancements. Debt securities lack a well-developed secondary market in India, and due to the credit enhanced nature of CE securities as well as structured nature of SO securities, the liquidity in the market for these instruments is low as compared to similar rated debt instruments. Hence, lower liquidity of such instruments, could lead to inability of the strategy to sell such debt instruments and generate liquidity for the strategy or higher impact cost when such instruments are sold. Where equity shares are provided as collateral there is the risk of sharp price volatility of underlying securities which may lead to erosion in value of collateral as also low liquidity of the underlying shares which may affect the ability of the fund to enforce collateral and recover capital and interest obligations.

- Credit Risk: The credit risk of debt instruments which are CE rated derives rating based on the combined strength of the issuer as well as the structure. Hence, any weakness in either the issuer or the structure could have an adverse credit impact on the debt instrument. The weakness in structure could arise due to inability of the investors to enforce the structure due to issues such as legal risk, inability to sell the underlying collateral or enforce guarantee, etc. In case of SO transactions, comingling risk and risk of servicer increases the overall risk for the securitized debt or assets backed transactions. Therefore apart from issuer level credit risk such debt instruments are also susceptible to structure related credit risk.

**Risk factors associated with REITS/InvITs:**

- **Market Risk –** Units of REITS/InvITs are subject to market and other risks. The value of these units can go up or down because of various factors that affect the capital market in general, such as, but not limited to, changes in interest rates, government policy and volatility in the capital markets
- **Liquidity Risk -** Liquidity in units of REITS & InvITs may be affected by trading volumes, settlement periods and transfer procedures. These factors may also affect the strategy's ability to make intended purchases/sales, cause potential losses to the strategy and result in the strategy missing certain investment opportunities. These factors can also affect the time taken by Kotak Mahindra Mutual Fund for redemption of Units, which could be significant in the event of receipt of a very large number of redemption requests or very large value redemption requests. In view of this, redemption may be limited or suspended after approval from the Boards of Directors of the AMC and the Trustee, under certain circumstances as described in the Statement of Additional Information. REITS & InvITs currently only have a nascent primary market. As such, in absence of the secondary market, the invested units cannot be redeemed except where the issuer is offering a buyback or delisting the units.
- **Re-investment Risk –** Investments in REITS & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in the form of distribution of dividend, interest, rental, capital etc. Consequently, the proceeds may get invested at a lower rate.
- **Performance Risk –** REITS & InvITs carry a performance risk by way of repayment of principal or of interest by the borrower. InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be pre scheduled.

The above are some of the common risks associated with investments in REITS & InvITs. There can be no assurance that a SIF investment strategy will be achieved, or that there will be no loss of capital.

**Risk Factors Associated with investing in Foreign Securities:**

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

**Currency Risk:**
Investments in overseas securities/mutual fund units are subject to currency risk. Returns to investors are the result of a combination of returns from investments and from movements in exchange rates. For example, if the Rupee appreciates vis-à-vis the US $, the extent of appreciation will lead to reduction in the yield to the investor. However, if the Rupee appreciates against the US $ by an amount in excess of the interest earned on the investment, the returns can even be negative. Again, in case the Rupee depreciates vis-à-vis the US $, the extent of depreciation will lead to a corresponding increase in the yield to the investor. Going forward, the Rupee may depreciate (lose value) or appreciate (increase value) against the currencies of the countries where the Scheme will invest.

**Exhaustion of overseas limit Risk:**

The Scheme can make overseas investments subject to a maximum of US $ 1 billion per Mutual Fund, within the overall industry limit of US $ 7 billion or such limits as may be prescribed by SEBI/RBI from time to time. The Scheme therefore may or may not be able to utilise the limit of USD 1 billion due to the USD 7 billion limit being exhausted by other Mutual Funds. Further, the scheme can make investments in overseas Exchange Traded Fund (ETF(s) subject to a maximum of US $ 300 million per Mutual Fund, within the overall industry limit of US $ 1 billion.

As and when the investment limits at Mutual Fund level/Industry level are exhausted or nearing exhaustion, the scheme may temporarily suspend deployment of funds in overseas funds/securities.

**Risk associated with Securities Lending:**

In the case of securities lending, there is a possibility of recall of securities lent at a higher premium than at which the security is lent or unable to recall due to low volume. Additional risk on securities lending is that there can be temporary illiquidity of the securities that are lent out and the Fund may not be able to sell such lent-out securities, resulting in an opportunity loss. In case of a default by counterparty, the loss to the Fund can be equivalent to the securities lent.

**Risks associated with Short Selling:**

Short-selling is the sale of shares or securities that the seller does not own at the time of trading. Instead, he borrows it from someone who already owns it. Later, the short seller buys back the stock/security he shorted and returns the stock/security to the lender to close out the loan. The security being short sold might be illiquid or become illiquid and covering of the security might occur at a much higher price level than anticipated, leading to losses. Purchasing a security entails the risk of the security price going down. Short selling is subject to risks related to fluctuations in market price, and settlement/liquidity risks. If required by the regulations, short selling may entail margin money to be deposited with the clearing house and daily mark to market of the prices and margins. This may impact fund pricing and may induce liquidity risks if the fund is not able to provide adequate margins to the clearing house. Failure to meet margin requirements may result in penalties being imposed by the exchanges and clearing house

**Risks associated with segregated portfolio**

- Investor holding units of segregated portfolio may not able to liquidate their holding till the time realisable value is recovered.
- Security comprising of segregated portfolio may realise lower value or may realise zero value.
- 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 associated with investing in Units of Mutual Fund Schemes**

Investment in units of Mutual Fund scheme involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. As the price / value / interest rates of the underlying securities in which the mutual fund scheme invests fluctuates, the value of units of mutual fund scheme may go up or down. The value of underlying securities may be affected, inter-alia, by changes in the market, interest rates, changes in credit rating, trading volumes, settlement periods and transfer procedures; the NAV is also exposed to Price/Interest-Rate Risk and Credit Risk and may be affected inter-alia, by government policy, volatility and liquidity in the money markets and pressure on the exchange rate of the rupee. Investment in units of mutual fund scheme is also exposed to risk of suspension of subscriptions / redemptions of the units, change in fundamental attributes, application of swing pricing, Segregation of portfolios etc. Swing pricing / segregation of portfolios risks may amongst other things realise lower and/or nil value on redemption of underlying units. Since the Scheme may invest in schemes of Mutual Funds, scheme specific risk factors of each such mutual fund schemes will be applicable to the Scheme portfolio.

All the above factors may not only affect the prices of securities but also the time taken by the Fund for redemption of Units, which could be significant in the event of receipt of a very large number of redemption requests or very large value redemption requests. The liquidity of the assets may be affected by other factors such as general market conditions, political events, bank holidays and civil strife. In view of this, redemption may be limited or suspended after approval from the Boards of Directors of the AMC and the Trustee, under certain circumstances as described elsewhere in the SAI.

### C. Risk mitigation strategies

| Type of Risks | Measures/ Strategies to control risks |
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| **Equity Markets/ Equity Oriented Instruments** | Investment strategy<br><br>The fund will comply with the prescribed SEBI limits on exposure. Risk is monitored and necessary action would be taken on the portfolio if required. Attribution analysis is done to monitor the under or over performance vis a vis the benchmark and the reasons for the same.<br><br>Portfolio volatility & concentration<br>The overall volatility of the portfolio would be maintained in line with the objective of the strategy. Volatility would be monitored with respect to the benchmark and peer set.<br><br>Liquidity<br>The strategy predominantly invests in across market capitalisation which are actively traded and thereby liquid. The fund manager may also keep some portion of the portfolio in debt and money market instruments and/or cash within the specified asset allocation framework for the purpose of meeting redemptions. The liquidity would be monitored, and necessary action would be taken on the portfolio if required. Stock turnover is monitored at regular intervals. The debt/money market instruments that are invested by the fund will have a short-term duration. |
| **Debt and Money Market instruments** | • Credit Risk: Management analysis will be used for identifying company specific risks. Management's past track record will also be studied. In order to assess financial risk a detailed assessment of the issuer's financial statements will be undertaken.<br><br>• Price-Risk or Interest-Rate Risk: The strategy is expected to have duration based on the underlying securities. The interest rate risk cannot be eliminated and it exists as it is the primary feature of the scheme by providing investors access to a higher interest rate risk portfolio, which would benefit in a declining interest rate environment |

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| | • Risk of Rating Migration: The endeavour is to invest in high grade/quality securities. The due diligence performed by the fixed income team before assigning credit limits and the periodic credit review and monitoring should address company specific issues<br><br>• Reinvestment Risk: The Investment Manager will endeavour that besides the tactical and/or strategic interest rate calls, the portfolio is fully invested.<br><br>• Liquidity Risk: The liquidity of the strategy's investments may be inherently restricted by trading volumes, transfer procedures and settlement periods. Liquidity Risk can be partly mitigated by diversification, staggering of maturities as well as internal risk controls that lean towards purchase of liquid securities. |
| **Derivatives** | The strategy may invest in derivative for the purpose of hedging, portfolio balancing and other purposes including short exposures as may be permitted under the Regulations. Equity Derivatives will be used in the form of Index Options, Index Futures, Stock Options and Stock Futures and other instruments as may be permitted by SEBI. Derivatives can be either exchange traded or can be over the counter (OTC). Exchange traded derivatives are listed and traded on stock exchanges whereas OTC derivative transactions are generally structured between two counterparties.<br>CDS - Limit exposure to high-quality credits; monitor credit ratings; diversify reference entities. Trade with investment-grade counterparties. Set internal exposure limits, focus on liquid tenors. Use standard contracts, automate margining and legal reviews. Adhere to RBI/SEBI guidelines; maintain robust compliance systems; monitor regulatory updates. Exposure with respect to derivatives will be closely monitored and shall be in line with regulatory / internal limits and the limits specified in the ISID. |
| **Securities Lending** | The SLB shall be operated through Clearing Corporation/Clearing House of stock exchanges having nation-wide terminals who are registered as Approved Intermediaries (AIs)." The risk is adequately covered as Securities Lending & Borrowing (SLB) is an Exchange traded product. Exchange offers an anonymous trading platform and gives the players the advantage of settlement guarantee without the worries of counter party default. However, the Fund may not be able to sell such lent securities during contract period or have to recall the securities which may be at higher than the premium at which the security is lent. |
| **Foreign Securities** | To manage risks associated with foreign currency the Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated under the Regulations. The strategy will focus on countries with stable currencies and strong economies to minimize volatility. The Investment Strategy will keep monitoring the overseas investments limits for utilisation purposes. |

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| **Short Selling** | Maintain continuous oversight of short positions, stock price movements, and market developments that could influence the Investment Strategy's exposure."<br>• "Use options or futures to hedge risks associated with short positions. |
| **Repo Transactions** | This risk is largely mitigated, as the choice of counterparties is largely restricted and their credit rating is taken into account before entering into such transactions. Also, operational risks are lower as such trades are settled on a DVP basis. In the event the counterparty is unable to pay back the money to the strategy as contracted on maturity, the strategy may dispose of the assets (as they have sufficient margin) and the net proceeds may be refunded to the counterparty |
| **Securitized Debt** | In addition to careful scrutiny of credit profile of borrower/pool additional security in the form of adequate cash collaterals and other securities may be obtained |
| **Segregated Portfolio** | In such an eventuality it will be AMC's endeavour to realise the segregated holding in the best interest of the investor at the earliest. |
| **Units of ReITs/InvITS** | The fund will comply with the prescribed SEBI limits on exposure. The strategy will endeavour to invest in liquid ReITs/InvITs. |
| **Structured Obligation (SO) & Credit Enhancement (CE) rated securities** | strategy wise investments as prescribed by the regulations limits the exposure to such securities. Additionally, covenants of such structured papers are reviewed periodically for adequate maintenance of covers as prescribed in the Information Memorandum of such papers. |
| **Government securities and Triparty repo on Government securities or treasury bills:** | As a member of securities segment and Triparty repo segment, maintenance of sufficient margin is a mandatory requirement. CCIL monitors these on a real time basis and requests the participants to provide sufficient margin to enable the trades etc. Also there are stringent conditions / requirements before registering any participants by CCIL in these segments. Since settlement is guaranteed the loss on this account could be minimal though there could be an opportunity loss. |
| **Units of mutual fund schemes** | Mutual Fund portfolios are generally well diversified and typically endeavour to provide liquidly on a T+2/T+3 basis and aim to mitigate any risks arising out of underlying investments. |

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

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

## II. Information about the Investment Strategy:

### A. Where will the Investment Strategy invest

In terms of Regulation 39(1) and 51 of SEBI (Mutual Funds) Regulations, 2026, detailed description of the instruments as permitted and subject to the Section "How will the investment strategy allocate its Assets", the corpus of the Investment Strategy can be invested in any (but not exclusive) of the following securities/ instruments:

| Securities/ Instruments | Definitions |
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| Equity and equity related securities including convertible bonds and debentures and warrants carrying the right to obtain equity shares, units of Real Estate Investment Trust; | Equity shares is a security that represents ownership interest in a company. |
| | Equity related instruments include convertible debentures, convertible preference shares, warrants carrying the right to obtain equity shares, equity derivatives, units of Real Estate Investment Trust and such other instrument as may be specified by the Board from time to time. |
| | Derivative is a financial instrument whose value is based upon the value of an underlying equity shares or indices. The equity derivatives may be in the following form:<br><br>Futures - Futures Contract means a legally binding agreement to buy or sell the underlying security / indices on a future date at an agreed price.<br><br>Options - Options Contract is a type of Derivatives Contract which gives the buyer/holder of the contract the right (but not the obligation) to buy/sell the underlying asset at a predetermined price within or at end of a specified period. The buyer / holder of the option purchases the right from the seller/writer for a consideration which is called the premium. The seller/writer of an option is obligated to settle the option as per the terms of the contract when the buyer/holder exercises his right. The underlying asset could include securities, an index of prices of securities etc.<br><br>"REIT" or "Real Estate Investment Trust" means a person that pools rupees fifty crores or more for the purpose of issuing units to at least two hundred investors so as to acquire and manage real estate asset(s) or property(ies), that would entitle such investors to receive the income generated therefrom without giving them the day-to-day control over the management and operation of such real estate asset(s) or property(ies). |

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| Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills) | Government Security (G-Sec) is a tradeable instrument issued by the Central Government or the State Governments. It acknowledges the Government's debt obligation. They are generally long term with maturity of one year or more. In India, the Central Government issues both, treasury bills and bonds or dated securities while the State Governments issue only bonds or dated securities, which are called the State Development Loans (SDLs). G-Secs carry practically no risk of default and, hence, are called risk-free gilt-edged instruments.<br>Repos / Reverse Repos enables collateralized short term borrowing and lending through sale/purchase operations in the such government securities. |
| Debt obligations of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee (including but not limited to Indian Government Bond, State Development Loans issued and serviced at the Public Debt Office, Bonds issued by Central & State Government PSU's which are guaranteed by Central or State Governments); | These are instruments are issued by various government agencies and bodies (including but not limited to Indian Government Bond, State Development Loans issued and serviced at the Public Debt Office, Bonds issued by Central & State Government PSU's which are guaranteed by Central or State Governments. They can be issued at discount, par or premium. |
| Corporate debt (of both public and private sector undertakings) including Nonconvertible debentures (including bonds) and non-convertible part of convertible securities; | These are financial instruments issued by companies (both public and private) to raise long-term funds through public issues. They are generally rated by credit rating agencies. |
| Short Term Deposits of banks (both public and private sector) and development financial institutions to the extent permissible under SEBI Regulations; | Short Term Deposits are offered by Scheduled Commercial Banks (both public and private sector banks) with a fixed/floating interest rate and maturity date. |
| Money market instruments permitted by SEBI/RBI, having maturities of up to one year but not limited to: · Certificate of Deposits (CDs). · Commercial Paper (CPs) · Tri-party Repo, Bills re-discounting, as may be permitted by SEBI from time to | • "Certificate of Deposit" or "CD" is issued by Scheduled Commercial Banks (SCBs) and All-India Financial Institutions. There is a term period of 7 days to 1 year for CDs that are issued by SCBs, whereas the term period ranges from 1 year to 3 years for CDs issued by financial institutions. CDs are usually issued at a discounted rate and redeemed at par.<br><br>• "Commercial Paper" or "CP" is a short-term instrument issued by corporates and financial institutions CPs are usually issued |

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| time. · Repo of corporate debt securities | at a discounted rate and redeemed at par. The tenor of CP ranges from 7 days to 1 year.<br><br>• Treasury bills or T-bills, which are money market instruments, are short term debt instruments issued by the Government of India and are presently issued in three tenors, namely, 91 day, 182 day and 364 day. Treasury bills are zero coupon securities and pay no interest. Instead, they are issued at a discount and redeemed at the face value at maturity.<br><br>• Triparty Repo (TREPS) is a type of repo contract where a third entity (apart from the borrower and lender), called a Tri-Party Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction.<br><br>• Repos / Reverse Repos enables collateralized short term borrowing and lending through sale/purchase operations in debt instruments (including corporate bonds).<br><br>• Bills Re-discounting is an instrument where a financial institution discounts the bills of exchange that it has discounted previously with another financial institution. |
| Securitised Debt | Securitised Debt are debt instruments with rights over assets backed by cash flows. |
| Units of Mutual Funds Schemes | Mutual fund means a fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes / investment strategies for investing in securities, money market instruments, gold or gold related instruments, silver or silver related instruments, real estate assets and such other assets and instruments as may be specified by the SEBI from time to time: |
| The strategy may invest in units of overseas Mutual Funds schemes / ETFs, ADRs, GDRs or other foreign securities | Overseas securities refer to securities (viz. mutual funds, ETFs, ADRs / GDRs, stocks) that are listed or traded in any jurisdiction outside India. |
| Securities Lending & Borrowing as permitted by SEBI from time to time | Securities Lending and Borrowing is a process through which shares or stocks are lent or borrowed from other investors or financial firms at a specified time and price. |
| Investment in units of Infrastructure Investment Trust (‘InvIT’) | “InvIT” or 'Infrastructure Investment Trust' shall mean the trust registered as such under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014. An Infrastructure Investment Trust (InvITs) is Collective Investment Scheme which enables direct investment |

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|---|---|
| | of money from individual and institutional investors in infrastructure projects. |
| Fixed Income Derivatives | Interest Rate Swaps are forward contracts in which one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps usually involve the exchange of a fixed interest rate for a floating rate, or vice versa, to reduce or increase exposure to fluctuations in interest rates.<br><br>Interest Rate Futures involve futures contracts with underlying assets that provide interest, such as government bonds or Treasury Bills. These futures are traded on stock exchanges featuring standardised contracts based on government securities.<br><br>'Credit Default Swap (CDS)' means a credit derivative contract in which one counterparty (protection seller) commits to pay to the other counterparty (protection buyer) in the case of a credit event with respect to a reference entity and in return, the protection buyer makes periodic payments (premium) to the protection seller until the maturity of the contract or the credit event, whichever is earlier |

## B. What are the investment restrictions?

As per the Trust Deed read with the SEBI (MF) Regulations, the following investment restrictions apply in respect of the strategy at the time of making investments

1. The investment strategy of a Specialized Investment Fund shall not invest more than 10% of its NAV in the equity shares or equity related instruments of any entity.

2. All investments by a Specialized Investment Fund in equity shares and equity related instruments shall only be made provided such securities are listed or to be listed

3. The Specialized Investment under all its investment shall not own more than 15% of any company's paid up capital carrying voting rights or fifteen per cent of units of REITs issued by a single issuer, as the case may be.

   Provided, investment in the asset management company or the trustee company of a mutual fund shall be governed by clause (a), of sub-regulation (1), of regulation 6.

   Provided further that the limit mentioned above shall be inclusive of ten per cent limit for mutual fund schemes as specified under clause 13.1 (point 5) of the SEBI Master circular no. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.

4. As per Regulation 52 of SEBI (Mutual Funds) Regulations, 2026 read with clause 21.5 of SEBI Master circular no. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, an

investment strategy under Specialized Investment Fund shall not invest more than 20 per cent 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 Act. Such investment limit may be extended to 25 per cent of the NAV of the investment strategy with the prior approval of the Board of Trustees and Board of Directors of the asset management company:

Further, a SIF strategy shall not invest more than:

a. 20% of its NAV in debt and money market securities rated AAA issued by a single issuer; or
b. 16 % of its NAV in debt and money market securities rated AA issued by a single issuer; or
c. 12% of its NAV in debt and money market securities rated A and below issued by a single issuer.

The above investment limits may be extended by up to 5% of the NAV of the Investment strategy with prior approval of the Board of Trustees and Board of Directors of the AMC, subject to compliance with the overall 25% limit specified in clause 21.5 of SEBI Master circular no. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.

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 Credit Rating Agency (CRAs) between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating

Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and triparty repo on Government securities or treasury bills:

Provided further that investments within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with the Board:

Provided further that such limit shall not be applicable for investments in case of debt exchange traded funds or such other funds as may be specified by the Board from time to time.

5. The investment of the strategy in the following instruments as per para 13.1 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026. shall not exceed 10% of the debt portfolio of the strategy and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the strategy

    - Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade; and
    - Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade

    The above limits shall not be applicable on investments in securitized debt instruments. Investment by the strategy in debt instruments, having credit enhancements backed by equity shares directly or indirectly, shall have a minimum cover of 4 times considering the market value of such shares. Further, the investment in debt instruments having credit enhancements should be sufficiently covered to address the market volatility and reduce the inefficiencies of invoking of the pledge or cover, whenever required, without impacting the interest of the investors. In case of fall in the value of the cover below the specified limit, AMCs will initiate necessary steps to ensure protection of the interest of the investors

6. Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments. It is further clarified that the investment limits are applicable to all debt securities, which are issued by public bodies/institutions such as electricity boards, municipal corporations, state transport corporations etc. guaranteed by either state or central government. Government securities issued by central/state government or on its behalf by the RBI are exempt from the above investment limits

7. The Investment strategy may invest in another mutual fund scheme under the same AMC or any other mutual fund without charging any fees, provided that aggregate inter-scheme investment made by all Strategy under the same AMC or in schemes under the management of any other asset management shall not exceed 5% of the net asset value of the Kotak Mahindra Mutual Fund. However, the aforesaid provision will not apply to fund of funds scheme.

8. The Strategy shall not make any investments in:
    a. any unlisted security of an associate or group company of the Sponsors; or
    b. any security issued by way of private placement by an associate or group company of the Sponsors; or
    c. the listed securities of group companies of the Sponsors which is in excess of 25% of the net assets

9. The Investment strategy shall not invest in any Fund of Funds Scheme

10. Transfer of investments from one strategy/scheme to another strategy/scheme in the same SIF, shall be allowed only if:-

    (a) such transfers are made at the prevailing market price for quoted Securities on spot basis (spot basis shall have the 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.
    c) the same are in line with Para 13.19 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.

11. The SIF shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:
    - Provided that the SIF may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI.
    - Provided further that the SIF may enter into derivatives transactions in a recognized stock exchange, subject to the framework 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

12. No loans for any purpose may be advanced by the SIF and the SIF shall not borrow except to meet temporary liquidity needs of the Investment strategy for the purpose of payment of interest or Reinvestment of Income Distribution cum capital withdrawal option (IDCW) to Unit Holders, provided that the SIF shall not borrow more than 20% of the net assets of each of the Investment strategy and the duration of such borrowing shall not exceed a period of six months

13. The SIF shall get the securities purchased / transferred in the name of the SIF on account of the concerned investment strategy, where investments are intended to be of long-term nature.

14. Pending deployment of funds of a investment strategy in terms of investment objectives of the investment strategy, a SIF may invest them in short term deposits of schedule commercial banks, subject to Para 13.7 and 5.6 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, as may be amended from time to time. The AMC shall not charge any investment management and advisory fees for parking of funds in such short term deposits of scheduled commercial banks for the strategy.

15. In accordance with the Para 13.1 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, investments in following instruments as specified in the said circular, as may be amended from time to time, shall be applicable:

    i. The strategy shall not invest in unlisted debt instruments including commercial papers (CPs), other than (a) government securities, (b) other money market instrument and (c) derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. which are used by mutual funds for hedging.

    However, the strategy may invest in unlisted Non-Convertible Debentures (NCDs) not exceeding 10% of the debt portfolio of the strategy 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.

    ii. All fresh investments by mutual fund schemes in CPs would be made only in CPs which are listed or to be listed.

    iii. Further, investment in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. by mutual fund schemes shall be subject to the conditions as specified in the said circular:

        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, 2026 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.

iv. Investments in debt instruments, listed debt instruments shall include listed and to be listed debt instrument

16. Investments in Derivatives shall be in accordance with the guidelines as stated under Para 8.5, 13.15 and 21.6 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.

17. Investment restrictions w.r.t. units of InvITS:

a) The SIF under all its investment strategies shall not own more than 20% of units issued by a single issuer of InvIT.

Provided that the limit mentioned in Item No. (a) under Paragraph 13.13.5. SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 shall be inclusive of 10 per cent limit for mutual fund scheme as specified under 21.5 (a) of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.

b) An investment strategy under Specialized Investment Fund shall not invest -
(i) more than 20 per cent of its NAV in the units of InvITs; and
(ii) more than 10 per cent of its NAV in the units of InvIT issued by a single issuer:

Provided that the limits mentioned in sub-clauses (i) and (ii) above shall not be applicable for investments in case of index fund or sector or industry specific scheme pertaining to InvIT.

18. An investment strategy under the SIF shall not invest more than 25% of its NAV in debt and money market securities of a particular sector.

19. The investment strategies under the SIF may take exposure of up to 25% of the net assets in permissible exchange traded derivative instruments, specifically for purposes other than hedging and portfolio rebalancing.

Explanation: This provision allows an investment strategy under the SIF to take unhedged short exposure through derivative instruments of up to 25% of net assets, in addition to derivative exposure undertaken for hedging and portfolio rebalancing purposes

20. Pursuant to para 13.1 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026:

a) No Mutual fund under all its SIF investment strategies and Mutual fund schemes shall own more than 10% of Instruments having Special Features issued by a single issuer;

b) A SIF Investment Strategy shall not invest

i. more than 10% of its NAV of the debt portfolio of the investment strategy in Instruments having Special Features; and

ii. more than 5% of its NAV of the debt portfolio of the investment strategy in Instruments having Special Features issued by a single issuer.

The above investment limit for a SIF investment strategy shall be within the overall limit for debt instruments issued by a single issuer as specified under para 13.1 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 2026.

21. Exposure to a single counterparty in CDS transactions shall not exceed 10% of the net assets of the strategy

22. The total exposure related to premium paid for all derivative positions, including CDS, shall not exceed 20% of the net assets of the scheme

23. All other investment restrictions applicable for schemes of mutual funds as specified under Seventh Schedule shall apply to investment strategies under the Specialized Investment Fund.

24. Pursuant to Pursuant to SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, various prudential limits issued under SEBI (Mutual Funds) Regulations, 2026 and circulars issued thereunder, shall be rebalanced basis the timelines provided in paragraph 3.11 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.

The AMC may alter these above stated restrictions from time to time to the extent the SEBI (MF) Regulations change, so as to permit the Investment Strategy to make its investments in the full spectrum of permitted investments for SIF to achieve its respective investment objective. The Trustee may from time to time alter these restrictions in conformity with the SEBI (MF) Regulations.

All investment restrictions shall be applicable at the time of making investment.

The strategy may invest in listed/unlisted equity shares as per the extant SEBI (Mutual Funds) Regulations, 2026 and amended by SEBI from time to time. The strategy may also invest in listed/unlisted and/or rated/unrated debt or money market securities, provided the investments are within the limits indicated in the asset allocation pattern. Investment in unrated debt securities is made with the prior approval of the Board of the AMC, provided the investment is in terms of the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above but within the limits prescribed under SEBI mutual fund regulations, approval of the Boards of both the AMC and the Trustee is taken before making the investment.
Apart from the above investment restrictions, the investment strategy follows certain internal norms vis-à-vis limiting exposure to scrips, sectors etc, within the above-mentioned restrictions, and these are subject to review from time to time.

Modifications, if any, in the Investment Restrictions on account of amendments to the Regulations shall supersede /override the provisions of this document.

**Participation of SIF in repo of corporate debt securities:**
In accordance with Para 13.8 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 and any other circulars issued by SEBI/ RBI from time to time, the Investment Strategy shall participate in repo transactions on corporate debt securities including Commercial Papers (CPs) and Certificate of Deposits (CDs) in accordance with directions issued by RBI and SEBI from time to time. Currently the applicable guidelines are as under:

- The gross exposure of any Investment Strategy to repo transactions in corporate debt securities including Commercial Papers (CPs) and Certificate of Deposits (CDs) shall not be more than 10 % of the net assets of the concerned investment strategy.
- The cumulative gross exposure through repo transactions in corporate debt securities including Commercial Papers (CPs) and Certificate of Deposits (CDs) along with equity, debt and derivatives, other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time shall not exceed 100% of the net assets of the concerned investment strategy.
- SIF shall participate in repo transactions on following Corporate Debt securities.
  o listed AA and above rated corporate debt securities and
  o Commercial Papers (CPs) and Certificate of Deposits (CDs).
- In terms of Regulation 42(1) shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.
- SIF shall ensure compliance with the Sixth Schedule of the Mutual Funds Regulations and para 13.1 SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 about restrictions on investments, wherever applicable, with respect to repo transactions in corporate debt securities including Commercial Papers (CPs) and Certificate of Deposits (CDs). However, for transactions where settlement is guaranteed by a Clearing Corporation, the exposure shall not be considered for the purpose of determination of investment limits for single issuer, group issuer and sector level limits.

**The parameters for investment in repos of corporate debt securities as approved by the Board of AMC and Trustee Company are as under:**

**i) Category of counterparty to be considered for making investment:**
All entities (including clearing corporations) eligible for transacting in corporate bond repos as defined by SEBI and RBI shall be considered for repo transactions.

**(ii) Credit rating of counterparty to be considered for making investment**
The investment strategies shall participate in corporate bond repo transactions with counterparties having a minimum investment grade rating and is approved by the Investment Committee on a case-to-case basis. In case there is no rating available, the Investment Committee will decide the rating of the counterparty and report the same to the Board from time to time.
The requirement for credit rating of the counterparty will not be applicable for transactions where settlement is guaranteed by a Clearing Corporation,

**(iii) Tenor of Repo and collateral**
As a repo seller, the investment strategy will borrow cash for a period not exceeding 6 months or as per extant regulations. As a repo buyer, the Investment Strategies are allowed to undertake the transactions for

maximum maturity upto one year or such other terms as may be approved by the Investment Committee. There shall be no restriction / limitation on the tenor of collateral.

**(iv) Applicable haircuts**

RBI in its circular dated July 24, 2018, has prescribed the haircut to be applied for repo transactions as follows:

Haircut/margins will be decided either by the clearing house or may be bilaterally agreed upon, in terms of the documentation governing repo transactions, subject to the following stipulations:

i. Listed corporate bonds and debentures shall carry a minimum haircut of 2% of market value.
ii. CPs and CDs shall carry a minimum haircut of 1.5% of market value.
iii. Securities issued by a local authority shall carry a minimum haircut of 2% of market value.

However, the fund manager may ask for a higher haircut (while lending) or give a higher haircut (while borrowing) depending on the prevailing liquidity situation in the market.

**Risk envisaged and mitigation measures for repo transactions:**
Credit risks could arise if the counterparty does not return the security as contracted or interest received by the counter party on due date. This risk is largely mitigated, as the choice of counterparties is largely restricted and their credit rating is taken into account before entering into such transactions. Also, operational risks are lower as such trades are settled on a DVP basis.

In the event of the Investment Strategy being unable to pay back the money to the counterparty as contracted, the counter party may dispose of the assets (as they have sufficient margin) and the net proceeds may be refunded to us. Thus the Investment Strategy may in remote cases suffer losses. This risk is normally mitigated by better cash flow planning to take care of such repayments.

The above risks will not arise for repo transactions where settlement is guaranteed by a Clearing Corporation.

**Investments in securitized debt instruments**
**How the risk profile of securitized debt fits into the risk appetite of the scheme:**

The SIF investment pattern permits investments in debt and money market instruments with extended maturities. Under this the investments could be in the following form of issuances, viz. CPs, CDs, Securitised debt, etc. i.e for the same acceptable levels of risks there could be multiple instruments available to a Fund Manager. Based on the credit assessment of the issuers the Fund Manager may choose to invest in securitized debt.

Our evaluation process for investment in securitized debt is similar to the approach followed for other types of instruments including money market and bonds. We lay emphasis on credit, liquidity and duration risk while evaluating every prospective investment, keeping in mind the investment objectives of the particular SIF.

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

The Fund Manager shall do a comprehensive credit assessment of the structure before investment. This includes originator's credit origination standards, track record on asset quality, more specifically its track record in respect the asset class that is being securitized and also the performance of the pools securitised by the originator in the past. No investments will be made in instruments rated below certain grades as prescribed by the investment committee or in unrated instruments. Prior approval of Trustee will be taken, in case of any investments in unrated instruments.

The securitised paper may pertain to a single asset class e.g., car loans or commercial vehicle loans or a combination of different asset classes i.e. car loans, two wheeler loans and commercial vehicle loans. Investment focus is towards diversification in the asset pool in terms of geography, underlying collateral. Although there is no specific guidelines with respect minimum period for which the originator had held the loans in its books), appropriateness of the seasoning (the period for which the originator has held loans on its books) and also the loan to value and instilment to income profile of the pool are important parameters for making investment decision.

In case of single loan securitization, the originator merely transfers the loan existing in his book by way of a single loan sell down. The obligation to repay and service the debt remains with the underlying obligor and hence, it is the obligor whose standalone business and financial risk profile is evaluated. Therefore, the credit rating of a single loan structure mirrors the credit rating of the obligor.

For pool securitization, where the debt repayment is dependent on the underlying pool of borrowers, it is important to evaluate the characteristics of the pool including the type of loan, loan to value ratio, ticket size of loan, geographic distribution etc. and the track record of the originator in terms of volume of securitization activity, historical losses seen in similar pools, stability in cash flow servicing and utilization level of credit enhancement.

**Risk Mitigation strategies for investments with each kind of originator:**

Apart from the above, risk assessment process includes examination of the credit enhancements offered under the present PTC structure, utilization of credit enhancement in the previous securitization structures of the originator and the trends in credit enhancement utilization of securitization transactions of similar asset classes of other originators. The size & reach of originators, its infrastructure & follow-up mechanism, quality of MIS & the collection process are also considered for each originator.

The nature of the instrument, underlying risks, underlying risk migration perceptions would decide the tenure of the said investments.

There is clear cut segregation of duties and responsibilities with respect to Investment Function and Sales function. Risk assessment and monitoring of investment in Securities Debt is done by a team comprising of credit analyst, fund manager and Head of Fixed Income. The Investment committee also looks into a first time investment in credit, apart from sanctioning overall limits for the same. Investment Decisions are being taken independently based on the above-mentioned parameters and investment by the originator in the scheme is based on their own evaluation of the scheme vis a vis their investment objective.
Originator risk can be evaluated and mitigated on the basis of –

(a) Market position and size of the originator and expertise/niche in financing a particular type of asset.
(b) Systems and processes established by the originator to address operational risk relating to disbursement, collection and recovery of loans.
(c) Extent of data disclosed by the originator for the current pool as well as past pools which showcases the data mining capability of the originator.
(d) Credit enhancement provided based on the pool characteristics, historical performance of past pools and the base case losses assumed by the credit agency.

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

Framework that will be applied while evaluating investment decision relating to a pool securitization transaction:

| Characteristics/ Type of Pool | Mortgage Loan | CV & CE | Cars | Two Wheelers | Micro Finance | Personal Loans | Single loan sell down |
|---|---|---|---|---|---|---|---|
| Average maturity (in months) | 36m-72m | 12m-36m | 12m-36m | 12m-24m | 3m-18m | 12m-24m | 12m-36m |
| Collateral margin (including cash , guarantees, excess interest spread, subordination) | 5%-25% | 10%-25% | 10%-25% | Min 15% | Min 20% | Min 20% | NA |
| Average Loan-to-value | 70%-90% | 65%-90% | 65%-90% | 50%-75% | NA | NA | NA |
| Average Pool Seasoning (in months) | 6m-12m | 3m-6m | 3m-6m | 3m-6m | 1m-3m | 3m-6m | NA |
| Maximum exposure per ABS transaction | 5%-15% | 5%-15% | 5%-15% | 5%-10% | 5%-15% | 5%-10% | 5%-15% |

Note - Kindly note that these are indicative ranges and final figures could vary depending upon the overall characteristics of the transaction and market conditions

In respect of single sell down loans the process would be similar to the one adopted for investing in the issuer directly. Similarly, the Investment Strategy in the normal course of business would not be investing in personal / micro finance pools, unless the levels of comfort arising of the transaction structures, satisfy the investment committee.

The above table is prepared after considering the risk mitigating measures such as Size of the loan, Average original maturity of the pool, Average seasoning of the pool, Loan to Value Ratio, Geographical Distribution and Structure of the pool, default rate distribution & credit enhancement facility. The information contained herein is based on current market conditions and may change from time to time based on changes in such conditions, regulatory changes and other relevant factors. Accordingly, our investment strategy, risk mitigation measures and other information contained herein may change in response to the same. This framework would be used as a reference for evaluation of investment into any securitized debt. However, each investment would also be evaluated on a case-to-case basis on its own merits apart from these limits.

Other risk mitigation measures
(a) Loan to Value Ratio – is an important parameter which highlights the underwriting standards of the issuer. Also, lower LTV ratios generally result in higher recoveries in case of default.

(b) Average seasoning of the pool - may vary depending on the asset type. Higher seasoning is preferred as it gives better visibility on delinquency levels in the pool.

(c) Default rate distribution – this is studied using empirical data for the originator. This is also a critical data used by the rating agency in determining the credit enhancement levels to be stipulated.

(d) Geographical Distribution – helps in identifying concentration risk in a particular geography and therefore reduces the default risk.

(e) Credit enhancement facility – is provided in pool securitization transactions and is very important as it is used to absorb credit losses stemming from default in the pool assets. The size of credit enhancement is determined on the basis of the issuer's credit risk profile, the type of asset being securitized and past pool performances.

(f) Liquidity facility – in some cases, in addition to the credit enhancement facility there is also a liquidity facility provided which is used to meet any shortfalls arising from delayed collections or delinquencies in the pool.

**Minimum retention percentage by originator of debts to be securitized:**
Although there is no specific guidelines with respect minimum retention percentage for which the originator had held the loans in its books), appropriateness of the seasoning (the period for which the originator has held loans on its books) and also the loan to value and instalments to income profile of the pool are important parameters for making investment decision.

**Minimum retention period of the debt by originator prior to securitization**
For single loan securitization, there is currently no regulation for minimum retention period of debt by the originator. Our investment decision is driven by the credit quality of the underlying obligor.

For pool securitization, there is currently no regulation for minimum retention period of debt by the originator. Generally, the pool assets we acquire in the form of PTCs have a retention period of 3-6 months by the originator. We follow the extant guidelines pertaining to securitization as set out by the regulator.

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

An investment by the SIF in any security is done after detailed analysis by the Fixed Income team and in accordance with the investment objectives and the asset allocation pattern of a Investment Strategy. The robust credit process ensures that there is no conflict of interests when a SIF invests in securitized debt of an originator and the originator in turn makes investments in that particular Investment Strategy. Normally the issuer who is securitizing instrument is in need of money and is unlikely to have long term surplus to invest in SIF. Furthermore, there is clear cut segregation of duties and responsibilities with respect to Investment function and Sales function. Investment decisions are being taken independently based on the above-mentioned parameters and investment by the originator in the Investment Strategy is based on their own evaluation of the SIF vis-a-vis their investment objectives

Our investment decisions are independent of other business functions and are solely based on the assessment of credit risk, liquidity risk and duration risk pertaining to a particular security.

**The resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt**

Risk assessment and monitoring of investment in Securities Debt is done by a team comprising of credit analyst, fund manager and Head of Fixed Income. The Investment committee also looks into a first time investment in credit, apart from sanctioning overall limits for the same. Investment Decisions are being taken independently based on the above-mentioned parameters and investment by the originator in the scheme is based on their own evaluation of the scheme vis-a-vis their investment objective.

Apart from monitoring the credit quality of the underlying obligator / originator, for pool securitization transactions we closely monitor the monthly pool performance report which is sent out by the trustee. The reports are tracked for changes in specific pool characteristics which can impact the collection performance and;

**Limits for investment in derivatives instruments**

In accordance with Para 8.5, 13.15 and 21.6 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, the following conditions shall apply to the Investment Strategies participation in the derivatives market. The investment restrictions applicable to the Investment Strategy participation in the derivatives market will be as prescribed or varied by SEBI or by the Trustees (subject to SEBI requirements) from time to time.

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

a. The Mutual Fund position limit in all equity index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in equity index option contracts, whichever is higher,
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 equity index futures/stock futures contracts:

The Mutual Fund position limit in all equity index futures/stock futures contracts on a particular underlying index shall be Rs. 500 crore; or
15% of the total open interest in the market in equity index futures/stock futures contracts, whichever is higher,

This limit would be applicable on open positions in all futures contracts on a particular underlying index.

iii. Additional position limit for hedging.

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

Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.

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

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

The combined futures and options position limit shall be 20% of applicable MWPL

v. Position limit for the Investment Strategy

The position limits for the Strategy and disclosure requirements are as follows–

For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a Investment Strategy of the Mutual Fund shall not exceed the higher of:
1% of the free float market capitalisation (in terms of number of shares).
Or
5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
This position limit shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.

For index-based contracts, the Mutual Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

**Exposure Limits:**

As per Para 13.15 and 21.6 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, on "Review of norms for investment and disclosure by Mutual Funds in derivatives", the limits for exposure towards derivatives are as under:

1. The investment strategies shall take exposure of up to 25% of the net assets in permissible exchange traded derivative instruments, specifically for purposes other than hedging and portfolio rebalancing.
2. The cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), repo transactions in corporate debt securities, Infrastructure Investment Trusts (InvITs), other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the Investment Strategy.
3. Mutual Fund shall not write options or purchase instruments with embedded written options.
4. The total exposure related to option premium paid must not exceed 20% of the net assets of the Investment Strategy.
5. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
6. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following :-
   b. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
   c. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 2.
   d. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
   e. 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.
7. Mutal Fund may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme. However, if mutual funds are transacting in IRS through an electronic trading platform offered by the Clearing Corporation of India Ltd. (CCIL) and CCIL is the central counterparty for such transactions guaranteeing settlement, the single counterparty limit of 10% shall not be applicable.
8. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point 2.
9. 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. |
| Options Sold | Market price of the underlying * Lot size * Number of contracts |

In case of any other derivative exposure, the exposure shall be calculated as the notional market value of the contract.

10. Offsetting of transactions: SEBI circular on SIF framework permits the investment strategy to offset certain derivative transactions. Below are some of the illustrative scenarios for offsetting of positions on the same underlying security:

| Sr. No. | Position 1 | Position 2 | Offsetting allowed/not? | Net exposure to be considered |
|---|---|---|---|---|
| 1 | Equity Long | Futures Short | Yes | Equity Long only |
| 2 | Equity /Futures Long | Call option Short | Yes | Equity /Futures Long only |
| 3 | Equity /Futures Long | Put option Long | Yes | Equity /Futures Long only |
| 4 | Futures Short | Call option Long | Yes | Futures Short only |
| 5 | Futures Short | Put option Short | Yes | Futures Short only |
| 6 | Call option Long | Call option Short | Yes | Call option Short only |
| 7 | Put option Long | Put option Short | Yes | Put option short only |
| 8 | Equity Long | Futures Long | No | Equity Long + Futures Long |
| 9 | Equity /Futures Long | Call option Long | No | Equity /Futures Long + Call option Long |
| 10 | Equity /Futures Long | Put option Short | No | Equity /Futures Long + Put option Short |
| 11 | Futures Short | Call option Short | No | Futures short + Call option short |
| 12 | Futures Short | Put option Long | No | Futures short + Put option Long |
| 13 | Call option Long | Put option Short | No | Call option Long + Put option Short |
| 14 | Call option Short | Put option Long | No | Call option Short + Put option Long |

For offsetting of positions, the futures and options contracts shall be on the same underlying security and having same expiry date.

The total exposure at any point of time shall be the sum of exposure through instruments in both the cash market and derivatives market.

Offsetting of exposure at the portfolio level shall be allowed for:

a. Cash and derivative positions on the same underlying security

b. Between derivative positions on the same underlying security

## ILLUSTRATION ON DERIVATIVE EXPOSURE

Investment strategy **'Infinity Hybrid Long-Short Fund'** has **AUM of 100 crore**. The following table specifies the list of securities identified for investment:

| Security details | Price | Lot size |
|---|---|---|
| XYZ Ltd. | 2500 | N.A. |
| XYZ Futures | 2525 | 500 |
| XYZ Call option 2500 | 90 | 500 |
| XYZ Put option 2500 | 85 | 500 |

**A) Maximum exposure limits:**

The following table illustrates the maximum amount/contracts that can be bought/sold under the investment strategy:

| Details | Provisions/Exposure calculation | Maximum amount that can be invested | Maximum no. of contracts that can be bought/sold |
|---|---|---|---|
| XYZ Ltd. futures short position (without hedging/ without having underlying security in the portfolio) | Maximum 25% of unhedged short exposure Exposure to single stock <= 10% of investment strategy | INR 10 crore | 79 contracts<br><br>= 10 crore / (2525*500) |
| Overall stock futures short position at portfolio level across multiple securities | Maximum 25% of unhedged short exposure | INR 25 crore | - |
| XYZ Call option 2500 long position | Max 20% exposure (ref. 12.25.2 of Master Circular for Mutual Funds)<br><br>Exposure to single stock <= 10% of investment strategy | INR 10 crore | 2222 contracts<br><br>= 10 crore / (90 * 500) |
| XYZ Call option 2500 short position | Max 20% exposure (ref. 12.25.2 of Master Circular for Mutual Funds)<br><br>Exposure to single stock <= 10% of investment strategy | INR 10 crore | 80 contracts<br><br>= 10 crore / (2500 * 500) |

**B) Illustration on portfolio composition:**

The following examples illustrates possible usage of derivatives for portfolio construction of the investment strategy:

**Example 1**

| Investment Details | Amount (Total: INR 100 crore) |
|---|---|
| Investment in EQ | INR 70 crore |
| Cash holding | INR 5 crore |
| Short exposure using stock/index futures | INR 25 crore |

**Example 2**

| Investment Details | Amount (Total: INR 100 crore) |
|---|---|
| Investment in EQ | INR 62.5 crore |
| Investment in EQ Long Futures & Long options | INR 10 crore |
| Cash holding | INR 2.5 crore |
| Short exposure using stock/index futures | INR 25 crore* |

**Since unhedged short exposure of upto 25% is additional to the investment in derivatives for purposes other than hedging and portfolio rebalancing.*

| | |
|---|---|
| (blue) | *Represents unhedged short exposure through derivatives* |
| (green) | *Represents derivatives exposure for the purpose of hedging and portfolio rebalancing* |

**Writing of Covered Call Options by Mutual Fund Schemes**

- In addition to Investment in derivatives as per Chapter 21 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, SIF Investment Strategies (except Index Funds and ETFs) may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:
- The total notional value (taking into account strike price as well as premium value) of call options written by a strategy shall not exceed 15% of the total market value of equity shares held in that strategy.
- 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 strategy. The unencumbered shares in a strategy shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.
- At all points of time the SIF shall comply with the provisions at paragraph (a) and (b) above. In case of any passive breach of the requirement at paragraph (a), the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme.
- In case a SIF needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with paragraphs (a) and (b) above while selling the securities.

- In no case, a Investment Strategy 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.
- The premium received shall be within the requirements prescribed in terms of Para 13.15 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the strategy.
- The exposure on account of the call option written under the covered call strategy shall not be considered as exposure in terms of Para 13.15 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.

The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the scheme until the position is closed or expired.

As and when SEBI notifies amended limits in position limits for exchange traded derivative contracts in future, the aforesaid position limits, to the extent relevant, shall be read as if they were substituted with the SEBI amended limits.

As per SEBI circular SEBI/HO/IMD/PoD2/P/CIR/2025/92 dated June 26,2025, all types of passive breaches for actively managed mutual fund schemes shall be rebalanced within 30 business days.

**C. Fundamental Attributes**

As per para 1.9 of SEBI Master circular no HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, the following are the fundamental attributes of the schemes, in terms of Regulation 22(9)(c) of SEBI (MF) Regulations:

(i) Type of the scheme: As mentioned under the heading “Type of the Investment Strategy” of Part I – Sr. No. III
(ii) Investment Objective: As mentioned under the heading “Investment Objective” of Part I – Sr. No. V
(iii) Investment Pattern: As mentioned under the heading “How will the Investment Strategy allocate its assets” of Part II - A
(iv) Terms of Issue:

- Liquidity provisions such as listing, repurchase, redemption. Investors may refer Part I and Section II under ‘Other Investment Strategy Specific Disclosures’ for detailed information on listing, repurchase and redemption.
- Aggregate fees and expenses charged to the Investment Strategy. Investors may refer Part III ‘Other Details’.
- Any safety net or guarantee provided – Not Applicable

In accordance with Regulation 22(9)(c) of the SEBI (MF) Regulations and Clause 1.9.2 of SEBI Master Circular for Mutual Funds, the Trustees shall ensure that no change in the fundamental attributes of the investment strategy or the trust or fee and expenses payable or any other change which would modify the investment strategy thereunder and affect the interests of Unitholders is carried out unless:

- SEBI has reviewed and provided its comments on the proposal

- A written communication about the proposed change is sent to each Unitholder and details as specified by the Board are appropriately displayed on the website of the AMC; and
- The Unitholders are given an option for a period of at least 30 calendar days to exit at the prevailing Net Asset Value without any exit load.

**D. Floors and ceiling within a range of 5% of the intended allocation against each sub class of asset, as per clause 14.5 of SEBI master circular for mutual funds dated March 20, 2026 (only for close ended debt investment strategies) – Not Applicable**

**E. Other Investment Strategy Specific Disclosures:**

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| Listing and transfer of units | **Listing:**<br>The units of Investment Strategy are proposed to be listed and traded on NSE and BSE.<br><br>AMC reserves right to list units on other stock exchanges. AMC reserves right to change the frequency and day of redemption.<br><br>**Transfer of Units:**<br>The Asset Management Company shall, on production of instrument of transfer together with relevant documents, register the transfer within 30 days of the date of such production. The Units of the Investment Strategy will be fully and freely transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 2018 as may be amended from time to time and as stated in Para 15.2 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026. Also, when a person becomes a holder of the units by operation of law or upon enforcement of pledge, then the AMC shall, subject to production/submission of such satisfactory evidence, which in its opinion is sufficient, effect the transfer, if the intended transferee is otherwise eligible to hold the units.<br><br>**Transfer of units held in Non-Demat [Statement of Account ('SOA')] mode:**<br>As per the AMFI Best Practices Guidelines Circular No.116 /2024-25 dated August 14, 2024, on 'Standard Process for Transfer of Units held in Non-Demat (SOA) mode', units held by individual unitholders in Non Demat ('SOA') mode can be transferred only in following cases :<br>i. Surviving joint unitholder, who wants to add new joint holder(s) in the folio upon demise of one or more joint unitholder(s).<br>ii. A nominee of a deceased unitholder, who wants to transfer the units to the legal heirs of the deceased unitholder, post the transmission of units in the name of the nominee. |

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| | iii. A minor unitholder who has turned a major and has changed his/her status from minor to major, wants to add the name of the parent /guardian, sibling, spouse etc. in the folio as joint holder(s).<br>iv. Investors under Resident/non-resident Individual category<br><br>Partial transfer of units held in a folio shall be allowed. If the request for transfer of units is lodged on the record date, the IDCW payout/reinvestment shall be made to the transferor.<br><br>Redemption of the transferred units shall not be allowed for 10 days from the date of transfer. This will enable the investor to revert in case the transfer is initiated fraudulently. AMC may conduct enhanced due diligence for exceptional cases.<br><br>For details, please refer Statement of Additional Information (SAI). |
| Dematerialization of units | Unit holders will have an Option to hold the units by way of an Account Statement or in Dematerialized ('Demat') form. Unitholders who wish to trade in units would be required to have a demat account. Unit holders opting to hold the units in Demat form must provide their Demat Account details in the specified section of the application form/transaction feed. The Applicant intending to hold the units in Demat form are required to have a beneficiary account with a Depository Participant (DP) registered with NSDL / CDSL and will be required to indicate in the application the DP's name, DP ID Number and the Beneficiary Account Number of the applicant held with the DP at the time of purchasing Units. Unitholders are requested to note that request for conversion of units held in Account Statement (non-demat) form into Demat (electronic) form or vice versa should be submitted to their Depository Participants. The demat request to depository must be submitted for all units in a folio. In case Unit holders do not provide their Demat account details or the Demat details provided in the application form are incomplete / incorrect or do not match with the details with the Depository records, the Units will be allotted in account statement mode provided the application is otherwise complete in all respect and accordingly an account statement shall be sent to them. |
| Minimum Target amount<br>(This is the minimum amount required to operate the investment strategy and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return.) | The Fund seeks to collect a minimum subscription amount of Rs. 10,00,00,000/- (Rupees Ten crores only) under the Investment Strategy. |

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| Redemption and subscription frequency of the investment strategy | Subscription frequency – Daily (only Business Days)<br><br>Redemption frequency – Twice a week on Mondays and Wednesday.<br><br>The AMC reserves the right to change the Redemption frequency in future, subject to SEBI Regulations and any other law, as applicable.<br><br>Redemption requests received after Wednesday 3.00 PM till Monday 3.00 PM would be considered for processing with Monday NAV, and requests received after Monday 3.00 PM till Wednesday 3.00 PM would be processed with Wednesday NAV.<br><br>Note: If Monday / Wednesday falls on non-business day, then the next business day's NAV would be considered for transaction processing |
| Notice period of the investment strategy | Since redemption frequency will be twice a week i.e. Monday and Wednesday in every week, notice period is not applicable<br>The AMC/Trustee reserves the right to modify notice period at a future date. |
| Maximum Amount to be raised (if any) | There is no upper limit on the total amount that may be collected. After the minimum subscription amount has been collected, allotment will be made to all valid applications.<br><br>**Minimum balance to be maintained and consequences of non-maintenance:**<br>There is no requirement of minimum balance. |
| Dividend Policy (IDCW) | **IDCW Frequency**<br>IDCW is declared subject to availability and adequacy of distributable surplus.<br><br>**IDCW Record Dates:** At the discretion of the Trustees (If the record date is not a Business Day, the immediately following Business Day will be the record date)<br><br>Under the Income Distribution cum capital withdrawal (IDCW) option, trustees may at any time decide to distribute by way of IDCW, the surplus by way of realized profit and interest, net of losses, expenses and taxes, if any, to Unitholders if, in the opinion of the Trustees such surplus is available and adequate for distribution. The Trustee's decision with regard to such availability and adequacy of surplus, rate, timing and frequency of distribution shall be final. Trustees may or may not distribute surplus, even if available, by way of Income Distribution cum capital withdrawal (IDCW). |

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| | The IDCW will be paid to only those Unitholders whose names appear on the register of Unitholders of the Strategy / Option at the close of the business hours on the record date, which will be announced in advance.<br>In case of dynamic lien, the Income Distribution cum capital withdrawal (IDCW) may be credited to the financier.<br><br>The Income Distribution cum capital withdrawal (IDCW) Option will be available under two sub-options – the Payout Option and the Reinvestment Option.<br><br>Payout of Income Distribution cum capital withdrawal option (IDCW): Unitholders will have the option to receive payout of their IDCW by way of Pay order / DD any other means which can be enchased or by way of direct credit / electronic payout into their account.<br>Reinvestment of Income Distribution cum capital withdrawal option (IDCW): Under the reinvestment option, the amounts will be reinvested in the Reinvestment IDCW Option at the Applicable NAV announced immediately following the record date.<br>The requirement of giving notice shall not be applicable for IDCW Option having frequency upto one month.<br><br>However, the Trustees reserve the right to introduce new options and / or alter the IDCW payout intervals, frequency, including the day of payout. |
| **Allotment (Detailed procedure)** | Subject to the receipt of the specified Minimum Subscription Amount for the Investment Strategy, full allotment will be made to all valid applications received during the New Fund Offer.<br><br>The AMC/ Trustees reserves the right to reject any application inter alia in the absence of fulfillment of any regulatory requirements, fulfillment of any requirements as per the ISID, incomplete/incorrect documentation and furnishing necessary information to the satisfaction of the SIF/AMC subject to SEBI (MF) Regulations and circulars issued thereunder from time to time.<br><br>Allotment will be completed within 5 business days after the closure of the New Fund Offer. Allotment of units and dispatch of allotment advice to FPI will be subject to RBI approval if required. Investors who have applied in non-depository mode will be entitled to receive the account statement of units within 5 Business Days of the closure of the NFO Period.<br><br>For applicants applying through the ASBA mode, on intimation of allotment by CAMS to the banker the investors account shall |

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| | be debited to the extent of the amount due thereon. On allotment, units will be credited to the Investor's demat account as specified in the ASBA application form.<br><br>The Asset Management Company shall, on production of instrument of transfer together with relevant documents, register the transfer within 30 days from the date of such production. The Units of the Investment Strategy 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, 2018 as may be amended from time to time and as stated in Para 15.2 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026. Further, for the procedure of release of lien, the investors shall contact their respective DP.<br><br>Also, when a person becomes a holder of the units by operation of law or upon enforcement of pledge, then the AMC shall, subject to production/submission of such satisfactory evidence, which in its opinion is sufficient, effect the transfer, if the intended transferee is otherwise eligible to hold the units. |
| **Refund** | If application is rejected, full amount will be refunded within 5 working days of closure of NFO. If refunded later than 5 working days @ 15% p.a. for delay period will be paid and charged to the AMC. |
| **Who can invest**<br>**This is an indicative list and investors shall consult their financial advisor to ascertain whether the scheme is suitable to their risk profile.** | The following are eligible to apply for purchase of the Units:<br><br>• Resident Indian Adult Individuals, either singly or jointly (not exceeding three).<br>• Parents/Lawful guardians on behalf of Minors.<br>• Companies, corporate bodies, registered in India.<br>• Registered Societies and Co-operative Societies authorised to invest in such Units.<br>• Public sector undertakings, public/Statutory corporations subject to general or specific permissions granted to them by the Central/State governments from time to time.<br>• Religious and Charitable Trusts under the provisions of 11(5) of the Income Tax Act, 1961 read with Rule 17C of the Income Tax Rules, 1962.<br>• Trustees of private trusts authorised to invest in mutual fund schemes under their trust deeds.<br>• Public Trusts in Maharashtra can invest up to 50% of their available funds.<br>• Partner(s) of Partnership Firms.<br>• Association of Persons or Body of Individuals, whether incorporated or not. |

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| | • Hindu Undivided Families (HUFs).<br>• Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions and Investment Institutions.<br>• Non-Resident Indians/Persons of Indian origin resident abroad (NRIs) on full repatriation or non-repatriation basis.<br>• Other Mutual Funds registered with SEBI.<br>• International Multilateral Agencies approved by the Government of India.<br>• Army/Navy/Air Force, Para-Military Units and other eligible institutions.<br>• Scientific and Industrial Research Organizations.<br>• Provident/Pension/Gratuity and such other Funds as and when permitted to invest.<br>• Public Financial Institution as defined under the Companies Act 2013.<br>• Universities and Educational Institutions.<br>• Other schemes of Kotak Mahindra Mutual Fund may, subject to the conditions and limits prescribed in the SEBI Regulations and/or by the Trustees, AMC or Sponsor, subscribe to the Units under the Scheme.<br>• Foreign Portfolio Investors (FPIs) or sub-accounts of FPI's registered with SEBI<br><br>The list given above is indicative and the applicable law, if any, shall supersede the list. |
| **Who cannot invest** | Acceptance of Subscriptions from U.S. Persons and Residents of Canada w.e.f. November 17, 2016: -<br><br>The Investment Strategy shall not accept subscriptions from U.S. Persons and Residents of Canada, except where transaction request received from Non – resident Indian (NRIs) / Persons of Indian Origin (PIO) who at the time of investment are present in India and submit physical transaction request along with such declarations / documents as may be prescribed by Kotak Mahindra Asset Management Company Ltd and Kotak Mahindra Trustee Company Ltd.<br><br>The AMC shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the AMC/ Trustees Company. The investor shall be responsible for complying with all the applicable laws for such investments. The AMC reserves the right to put the transaction request on hold/reject the transaction request, or reverse the units allotted, as the case may be, as and when identified by the AMC, which are not in compliance with the terms and conditions notified in |

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| | this regard, subject to SEBI (MF) Regulations and circulars issued thereunder from time to time.<br><br>The Trustees/AMC reserves the right to change/modify the provisions mentioned above at a later date, subject to SEBI (MF) Regulations and circulars issued thereunder from time to time. |
| **How to Apply and other details** | 1. The investors can submit the Application forms and Key Information Memorandum (along with transaction slip)/ forms for redemption/ switches at the branches of AMC or Investor Service Centres (ISCs)/Official Points of Acceptance (OPAs) of the Registrar (CAMS) or distributors or on the website of Infinity SIF (https://www.kotakmf.com/sif).<br><br>Where Units under a Investment Strategy are held under both Direct Plan and Regular Plan, investors should clearly mention the plan from which redemption/switch requests are to be processed.<br><br>Further in line with Para 17.2.4 and 17.2.5 of SEBI Master circular No. SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 it has been decided to allow investors can directly access infrastructure of the recognized stock exchanges to purchase mutual fund units directly from Mutual Fund/ Asset Management Companies.<br><br>Please refer to the SAI and Application form for the instructions.<br><br>2. Link for the list of official points of acceptance, collecting banker details etc. https://www.kotakmf.com/sif<br><br>3. Computer Age Management Services Ltd. (CAMS) (Registrar)AVA Tower, Old No. 788 & 789, Electricity Avenue, New No. 152 & 150, Anna Salai, Beside Rayala Towers, Chennai - 600002.<br>Contact details - 044 6110 4034<br>Email Id – enq_k@camsonline.com<br>Website - www.camsonline.com<br>To inform investors that it is mandatory to mention their bank account numbers in their applications/requests for redemption. |
| **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.** | Not Applicable |

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| **Restrictions, if any, on the right to freely retain or dispose of units being offered.** | The Asset Management Company shall, on production of instrument of transfer together with relevant documents, shall register the transfer within timelines as defined in the SEBI Regulation. The Units of the Scheme held in the dematerialized 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, 2018 as may be amended from time to time and as stated in. Para 15.2 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026. Further, for the procedure of release of lien, the investors shall contact their respective DP.<br><br>**Transfer of units held in Non-Demat [Statement of Account ('SOA')] mode:**<br><br>As per the AMFI Best Practices Guidelines Circular No.116 /2024-25 dated August 14, 2024, on 'Standard Process for Transfer of Units held in Non-Demat (SOA) mode', units held by individual unitholders in Non Demat ('SOA') mode can be transferred only in following cases<br><br>i. Surviving joint unitholder, who wants to add new joint holder(s) in the folio upon demise of one or more joint unitholder(s).<br>ii. A nominee of a deceased unitholder, who wants to transfer the units to the legal heirs of the deceased unitholder, post the transmission of units in the name of the nominee.<br>iii. A minor unitholder who has turned a major and has changed his/her status from minor to major, wants to add the name of the parent /guardian, sibling, spouse etc. in the folio as joint holder(s).<br>iv. Investors under Resident/non-resident Individual category<br><br>Partial transfer of units held in a folio shall be allowed. If the request for transfer of units is lodged on the record date, the IDCW payout/reinvestment shall be made to the transferor.<br><br>Redemption of the transferred units shall not be allowed for 10 days from the date of transfer. This will enable the investor to revert in case the transfer is initiated fraudulently.<br><br>For details, please refer Statement of Additional Information (SAI). |
| **Cut off timing for subscriptions/ redemptions/ switches** | **Applicable NAV for Purchases/Switch-ins** |

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| **This is the time before which your application (complete in all respects) should reach the official points of acceptance.** | 1. In respect of valid applications received upto 3.00 p.m. on a business day and entire amount is available in the mutual fund's account for utilization before the cut off time of the same day – closing NAV of the day of receipt of application;<br><br>2. In respect of valid applications received after 3.00 p.m. on a business day and the entire amount is available in the mutual fund's account for utilization before cut off time of the next business day – the closing NAV of the next business day;<br><br>3. Irrespective of the time of receipt of the application where the entire amount is available in Mutual fund's account for utilization before cut off time on any subsequent business day – the closing NAV of such subsequent business day.<br><br>The above cut-off timings and applicability of NAV shall be applicable in respect of valid applications received at the Official Point(s) of Acceptance on a Business Day:<br><br>1. It is clarified that switches will be considered as redemption in the switch-out scheme and purchase / subscription in the switch-in scheme<br><br>2. Cheques received on a business day may be deposited with the primary bankers of the respective location on the next business day. NAV shall be as per the applicable NAV mentioned above. To enable early sighting of funds by the schemes, investors are requested to avail of electronic facilities like RTGS / NEFT in respect of subscriptions and submit the proof of transfer of funds along with their applications. AMC shall not be responsible for any delay on account of banking clearance or circumstances which are beyond the control of AMC.<br><br>3. The revised provisions for applicability of NAV based on realization of funds will be applicable to all types of investment including various systematic investments routes (viz, SIP, STP, Transfer of IDCW Plan etc.) as may be offered by the strategy from time to time.<br><br>**Applicable NAV for Redemption/ Switch outs**<br><br>Redemption requests received after Wednesday 3.00 PM till Monday 3.00 PM would be considered for processing with |

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<td>Monday NAV, and requests received after Monday 3.00 PM till Wednesday 3.00 PM would be processed with Wednesday NAV.<br><br>Note: If Monday / Wednesday falls on non-business day, then the next business day’s NAV would be considered for transaction processing<br><br>Further, where the AMC or the Registrar has provided a facility to the investors to redeem /switch-out of the strategy through the medium of Internet by logging onto specific web-sites or any other facilities offered by the AMC and where investors have signed up for using these facilities, the Applicable NAVs will be as provided above.<br><br>For Details, kindly refer SAI</td>
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<td>Minimum amount for purchase/redemption/switches</td>
<td>Minimum application amount for purchases<br><br>• During NFO: INR10,00,000/- and in multiples of Re. 1/- thereafter (across all investment strategies offered by the SIF at the PAN level)<br>• On continuous basis: INR10,00,000/- and in multiples of Re. 1/- thereafter (across all investment strategies offered by the Infinity SIF at the PAN level)<br>• Minimum amount for accredited investor during NFO and Continuous basis: INR 1,00,000/- and in multiples of Re. 1/- thereafter.<br><br>Systematic Investment Plan (SIP) / Systematic Withdrawal Plan (SWP) /Systematic Transfer Plan (STP) shall only commence upon re-opening of the Investment Strategy.<br><br>Minimum investment threshold limits shall not be applicable to mandatory investments made by AMCs for designated employees under paragraph 7.14 and 21.4.1 of the SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.<br><br>Minimum application amount for purchases
<table>
<tr><th>Initial Purchase (Non- SIP) (NFO)</th><th>Additional Purchase (Non-SIP)</th><th>SIP Purchase</th></tr>
<tr><td>Rs. 10,00,000/- and in multiples of Re. 1/- thereafter (across all</td><td>Rs. 10,000/- and in multiples of Re. 1/- thereafter</td><td>Rs. 10,000/- and in multiples of</td></tr>
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<table>
<tr><td></td><td>
<table><tr><td>investment strategy offered by SIF)</td><td></td><td>Re. 1 thereafter [Minimum 6 installments]</td></tr></table>
<br>
On continuous basis:
<br>
<table>
<tr><td>SIP</td><td>INR 10,000/- and in multiples of Re. 1 thereafter [Minimum 6 installments]</td></tr>
<tr><td>SWP</td><td>INR 10,000/- and in multiples of Re. 1 thereafter [Minimum 6 installments]</td></tr>
<tr><td>STP</td><td>INR 10,000/- and in multiples of Re. 1 thereafter [Minimum 6 installments]</td></tr>
</table>
<br>
Minimum amount for redemption:<br>
Rs. 10,000/- and in multiples of Re. 1/- thereafter or or all units, whichever is lower.<br><br>
The redemption/switch will be subject to compliance with provisions mentioned under para 21.4 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.
</td></tr>
<tr><td>Minimum threshold requirement and consequences of non-maintenance</td><td>
The SIF shall not accept from an investor, an investment amount less than ten lakh rupees across all investment strategies offered by Infinity SIF.<br><br>
Minimum investment threshold limits (Rs 10,00,000) shall not be applicable to:<br><br>
a) Accredited investor<br>
b) Mandatory investments made by AMCs for designated employees under paragraph 7.14 and 21.4.1 of the SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.<br>
c) Existing investor of SIF whose aggregate investment value at the Permanent Account Number (‘PAN’) level, across all investment strategies offered by Infinity SIF, is more than Rs.10,00,000 i.e. minimum investment threshold as on the investment date. This shall not include investments made by the investor in other Mutual Fund schemes of the AMC<br><br>
1. The AMC shall ensure that an aggregate investment by an investor across all investment strategies offered by the SIF, at the Permanent Account Number (‘PAN’) level, is not less than INR 10 lakh.
</td></tr>
</table>

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| | 2. The Minimum Investment Threshold of INR 10 lakh shall apply exclusively to investments under SIF and shall not include investments made by the investor in MF schemes of the same AMC.<br><br>3. The AMC may offer systematic investment options such as Systematic Investment Plan (‘SIP’), Systematic Withdrawal Plan (‘SWP’) and Systematic Transfer Plan (‘STP’) for investment strategies launched under the SIF, while ensuring compliance with the Minimum Investment Threshold.<br><br>**Breach of Minimum Investment Threshold**<br><br>1. The AMC shall ensure that the investor's total investment value does not fall below the Minimum Investment Threshold due to redemption transactions initiated by the investor.<br><br>2. Passive breaches (occurrence of instances not arising out of omission and commission by AMC), such as those caused by a decline in Net Asset Value (NAV), shall not be treated as a violation of the Minimum Investment Threshold. However, if the total investment value falls below the threshold due to a passive breach, the investor shall only be permitted to redeem the entire remaining investment amount from the SIF.<br><br>3. Monitoring of Minimum Investment Threshold will be carried out as per para 21.4 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 SEBI Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/107 dated July 29,2025 |
| **Accounts Statements** | The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 working days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form).<br><br>A Consolidated Account Statement (CAS) detailing all the transactions across all SIFs (including transaction charges paid to the distributor) and holding at the end of the month shall be sent to the Unit holders in whose folio(s) transaction(s) have taken place during the month by mail or email on or before 15th of the succeeding month. |

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| | Half-yearly CAS shall be issued at the end of every six months (i.e. September/ March) on or before 21st day of succeeding month, to all investors providing the prescribed details across all investment strategies of SIFs and securities held in dematerialized form across demat accounts, if applicable.<br><br>For further details, refer SAI. |
| **Dividend/ IDCW** | The payment of dividend/IDCW to the unitholders shall be made within seven working days from the record date. |
| **Redemption** | The redemption or repurchase proceeds shall be dispatched to the unitholders within three working days from redemption or repurchase NAV date.<br><br>For list of exceptional circumstances refer para 15.3.3. of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026. |
| **Bank Mandate** | As per the directives issued by SEBI it is mandatory for an investor to declare his/her bank account number. To safeguard the interest of Unitholders from loss or theft of their refund orders/redemption cheques, investors are requested to provide their bank details in the Application Form.<br>In case an existing Unitholder is submitting a request for Change in his Bank Details, he needs to submit an old and new bank account. In absence of the same, the request for Change in Bank Mandate is liable to be rejected<br>Investors have an option of registering their bank accounts, by submitting the necessary forms & documents. At the time of redemption, investors can select the bank account to receive the amount. |
| **Delay in payment of redemption / repurchase proceeds/dividend** | The Asset Management Company shall be liable to pay interest to the unitholders at rate as specified vide clause 15.4 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, by SEBI for the period of such delay. |
| **Unclaimed Redemption and Income Distribution cum Capital Withdrawal Amount** | In accordance with Para 15.5 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 the unclaimed Redemption amount and IDCW amount that are currently allowed to be deployed by the Mutual Fund only in call money market or money market Instruments, shall also be allowed to be invested in a separate plan of only Overnight scheme / Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts. There shall a separate scheme/plan for Redemption amount and IDCW amount, pending for less than 3 years and more than 3 years |

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| | Following are timelines for deployment by Mutual fund<br>a) Transfer of Unclaimed redemption and dividend amount to Unclaimed Dividend and Redemption Scheme (UDRS) after 90 days and not beyond 105 days from date of issuance of the instruments<br>b) On completion of first 3 years of a separate plan of Overnight scheme / Liquid scheme / Money Market Mutual Fund scheme, AMC shall transfer such units to UDRS plan (> 3 years) within 10 business days of subsequent month<br>c) The amount of income accrued on daily basis on unclaimed amount beyond 3 years shall be transferred on a monthly basis (i.e. on or before 10th calendar day of subsequent month) to the investor education scheme/folio<br><br>Provided that such schemes where the unclaimed redemption and IDCW amounts are deployed shall be only those Liquid scheme / Money Market Mutual Fund schemes which are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix as per para 6.8 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.<br><br>AMCs shall not be permitted to charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped as per the TER of direct plan of such scheme or at 50bps whichever is lower. Investors who claim 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. AMC shall play a proactive role in tracing the rightful owner of the unclaimed amounts considering the steps suggested by regulator vide the referred circular.<br><br>As per para 15.6 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 MITRA platform developed and hosted by the QRTAs (CAMS and KFintech) would be available through a link on the website of MF Central, AMCs, AMFI, the two QRTAs and SEBI.<br><br>MITRA platform will facilitate the investors with a searchable database of inactive and unclaimed Mutual Fund folios at an |

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| | industry-level which will empower the investors on following manner:<br><br>• Enable investors/ legal claimants to identify the overlooked investments or any investments made by any other person for which he/she may be rightful legal claimant.<br>• Encourage investors to do KYC as per the current norms thus reducing the number of non-KYC compliant folios.<br>• Contribute towards building a transparent financial ecosystem and will be reliable medium for investors to find their inactive and unclaimed Mutual Fund investments.<br>• Build and incorporate mitigants against fraud risk<br><br>An inactive folio shall be defined as "Mutual Fund Folio(s) where no investor-initiated transaction/s (financial and non-financial) have taken place in the last 10 years, but unit balance is available".<br><br>This portal would display only Fund Names and investor has to approach the respective MFs for more information. |
| **Disclosure w.r.t investment by minors** | As per Para 15.13 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, the following Process for Investments in the name of a Minor through a Guardian will be applicable:<br><br>a. Payment for investment by any mode shall be accepted from the bank account of the minor, parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian. For existing folios, the AMCs shall insist upon a Change of Pay-out Bank mandate before redemption is processed.<br>b. Irrespective of the source of payment for subscription, Redemption proceeds shall be credited only in verified bank account of the minor, i.e the account the minor may hold with the parent/legal guardian after completing KYC formalities.<br>c. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC details, updated bank account details including cancelled original cheque leaf of the new account. No further transactions shall be allowed till the status of the minor is changed to major.<br>d. AMCs shall build a system control at the account set up stage of Systematic Investment Plan (SIP), Systematic Transfer Plan (STP) and Systematic Withdrawal Plan (SWP) on the basis of which, the standing instruction is suspended when the minor attains majority, till the status is |

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| | changed to major.<br><br>Please refer SAI for detailed process on investments made in the name of a Minor through a Guardian and Transmission of Units. |

**III. Other Details**

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

| | |
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| **Monthly and Half yearly Disclosures: Portfolio / Financial Results**<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 SIF shall disclose portfolio (along with ISIN), including derivative instruments, as on the last day of every alternate month (i.e. as on the end of May, July, September, November, January and March) for all its investment strategies (including debt based investment strategies) on the website of SIF (https://www.kotakmf.com/sif) and on the website of AMFI (www.amfiindia.com) within 10 days from the close of such month in a user friendly and downloadable spreadsheet format.<br><br>In accordance with Para 6.1 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, unitholders whose e-mail addresses are registered, AMC shall send the details of the strategy portfolio including the Investment strategy risk-band, name of benchmark and risk- band of benchmark while communicating the, monthly statement of strategy portfolio via email within 10 days from the close of each alternate month.<br><br>AMCs shall provide a link to investors to their registered email to enable the investor to directly view/download only the portfolio of strategy subscribed by the said investor.<br><br>The SIF / AMC shall provide a physical copy of statement of its strategy portfolio, without charging any cost, on specific request received from a unit holder. AMCs shall declare on their website the hosting of the monthly statement of its strategy portfolio on their respective websites and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unit holder can submit a request for a physical or electronic copy of the statement of strategy portfolio. |
| **Half Yearly Results** | The soft copy of unaudited financial results shall within one month from the close of each half year i.e. 31st of March and the 30th of September, be hosted on the website kotakmf.com/sif and will be sent to AMFI for hosting on its website www.amfiindia.com.The link for the mentioned disclosures - https://www.kotakmf.com/sif |

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| | Pursuant to Regulation 70(2) of SEBI (Mutual Funds) Regulations, 2026, Written communication (including digital modes such as email/SMS etc.) shall be sent to unitholders by the asset management company about the availability of financial results. |
| **Annual Report** | Pursuant to Regulation 70(1) of SEBI (Mutual Funds) Regulations, 2026 read with Para 6.4 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, the strategy wise annual report or abridged summary thereof in machine readable format will be hosted on the website in machine readable format of Infinity SIF viz. www.kotakmf.com/sif and on the website of AMFI, immediately after approval in Annual General Meetings within a period of four months, from the date of closing of the financial year (31st March). The AMCs shall display the link prominently on the website of the Infinity SIF viz. www.kotakmf.com/sif and make the physical copies available to the unitholders, at their registered offices at all times. The unit holders may request for a physical copy of strategy annual reports at a nominal price and the text of the relevant strategy by writing to the Kotak Mahindra Asset Management Company Ltd. / Investor Service Centre / Registrar & Transfer Agents. AMC shall provide a physical copy of abridged report of the annual report, without charging any cost, on specific request received from a unit holder. AMCs shall e-mail the scheme annual reports or abridged summary thereof, in machine readable formats, to all such unit holders, whose email addresses are registered with the Mutual Fund. The said communication shall also include details of modes such as SMS, telephone, email or written request (letter), etc. through which unit holders can submit a request for a physical copy of the scheme wise annual report or abridged summary thereof. AMCs shall send an email/SMS to all unitholders regarding the hosting of scheme wise annual report on their website and on the website of AMF. The link for the mentioned disclosures - https://www.kotakmf.com/sif. |
| **Investment Strategy Summary Document (SSD)** | In accordance with SEBI letter dated December 28, 2021 and AMFI emails dated March 16, 2022 and March 25, 2022, investment strategy summary document for all strategy of Kotak Mahindra Mutual Fund in the requisite format (pdf, spreadsheet and machine readable format) shall be uploaded on a monthly basis i.e. 15$^{th}$ of every month or within 5 working days from the date of any change or modification in the Investment strategy information document on the website of Infinity SIF i.e. https://www.kotakmf.com/sif, AMFI i.e. www.amfiindia.com and Registered Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited. |
| **Risk Band and Offer Documents** | In accordance with paragraph 21.12 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, Risk- band shall be evaluated on a monthly basis and SIFs/AMCs shall disclose the Risk-Band for all their investment strategies on their respective website and on AMFI website within 10 days from the close of each month. Any change in Risk-band of the investment strategy or benchmark shall be communicated by way of Notice cum Addendum and by way of an email or SMS to unitholders of that particular investment strategy. Further, the |

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| | SIFs shall disclose the risk level of investment strategies as on March 31st of every year, along with number of times the risk level has changed over the year, on their websites and AMFI website.<br><br>Risk Band shall have following five levels of risk (low to very high) for the Investment Strategy as follows:<br><br>a. Risk Band Level 1 (Lowest Risk)<br>b. Risk Band Level 2<br>c. Risk Band Level 3<br>d. Risk Band Level 4<br>e. Risk Band Level 5 (Highest Risk)<br><br>The evaluation of risk levels of investment strategy shall be done in accordance with the aforesaid circular. |

**B. Scenario Analysis for Derivatives Positions (As specified by AMFI)**

| **Hybrid Investment Strategies** | | | | | |
|---|---|---|---|---|---|
| | | | | | |
| The following table shows the performance of Nifty50 index and individual performance of other indices: | | | The following table shows the interest rate change for various sectors: | | |
| **Nifty50** | **10.00%** | | **Government Bonds** | | **1.00%** |
| **IT Sector** | **-15.00%** | | **Auto Sector** | | **-1.25%** |
| **Banking Sector** | **8.50%** | | **Pharma Sector** | | **0.50%** |
| | | | | | |
| The following table shows the performances of various asset classes: | | | | | |
| **Gold Futures** | **5.00%** | | | | |
| **REITs/INVITs** | **2.50%** | | | | |
| | | | | | |
| **Total AUM of Investment Strategy** | **₹ 10,00,00,000** | | | | |
| | | | | | |
| **Scenario 1: Without any unhedged short derivative exposure** | | | | | |
| **Portfolio** | **Modified Duration** | **Weight (NAV/Total NAV)** | **Net Asset Value(NAV)** | **PnL (Market up, interest rate down)** | **PnL (Market down, interest rate up)** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Equity | Nifty50 | | 35.0% | ₹ 3,50,00,000 | ₹ 35,00,000 | ₹ - 35,00,000 |
| Debt instruments | Government Bonds | 5 | 35.0% | ₹ 3,50,00,000 | ₹ 17,50,000 | ₹ - 17,50,000 |
| Commodity | Gold Futures | | 0.0% | ₹ - | ₹ - | ₹ - |
| REITs/INVITs | | | 20.0% | ₹ 2,00,00,000 | ₹ 5,00,000 | ₹ - 5,00,000 |
| Cash | - | | 10.00% | ₹ 1,00,00,000 | ₹ - | ₹ - |
| **Total** | | | **100.0%** | **₹ 10,00,00,000** | **₹ 57,50,000** | **₹ - 57,50,000** |
| | | | | | **5.75%** | **-5.75%** |
| | | | | | | |
| **Scenario 2: 10% short exposure in Equity IT Sector and 15% short exposure in bonds of Auto Sector** | | | | | | |
| **Portfolio** | | **Modified Duration** | **Weight (NAV/Total NAV)** | **Net Asset Value(NAV)** | **PnL (Nifty up by 10%)** | **PnL (Nifty down by 10%)** |
| Equity | Nifty50 | | 35.0% | ₹ 3,50,00,000 | ₹ 35,00,000 | ₹ - 35,00,000 |
| Debt instruments | Government Bonds | 5 | 20.0% | ₹ 2,00,00,000 | ₹ 10,00,000 | ₹ - 10,00,000 |
| Commodity | Gold Futures | | 0.0% | ₹ - | ₹ - | ₹ - |
| REITs/INVITs | | | 15.0% | ₹ 1,50,00,000 | ₹ 5,00,000 | ₹ - 5,00,000 |
| Unhedged Equity Futures Short | IT Sector | | 10.0% | ₹ 1,00,00,000 | ₹ 15,00,000 | ₹ - 15,00,000 |
| Unhedged Debt Futures Short | Auto Sector | -4.5 | 15.0% | ₹ 1,50,00,000 | ₹ 8,43,750 | ₹ - 8,43,750 |
| Cash | | | 5.0% | ₹ 50,00,000 | ₹ - | ₹ - |
| **Total** | | | **100.000%** | **₹ 10,00,00,000** | **₹ 73,43,750** | **₹ - 73,43,750** |
| | | | | | **7.34%** | **-7.34%** |
| **Scenario 3: 10% short exposure in Equity Banking Sector and 15% short exposure in bonds of Pharma Sector** | | | | | | |
| **Portfolio** | | **Beta/Modified Duration** | **Weight (NAV/Total NAV)** | **Net Asset Value(NAV)** | **PnL (Nifty up by 10%)** | **PnL (Nifty down by 10%)** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Equity | Nifty50 | | 25.0% | ₹ 2,50,00,000 | ₹ 25,00,000 | ₹ - 25,00,000 |
| Debt instruments | Government Bonds | 5 | 25.0% | ₹ 2,50,00,000 | ₹ 12,50,000 | ₹ - 12,50,000 |
| Commodity | Gold Futures | | 0.0% | ₹ - | ₹ - | ₹ - |
| REITs/INVITs | | | 15.0% | ₹ 1,50,00,000 | ₹ 5,00,000 | ₹ - 5,00,000 |
| Unhedged Equity Futures Short | Banking Sector | | 10.0% | ₹ 1,00,00,000 | ₹ - 8,50,000 | ₹ 8,50,000 |
| Unhedged Debt Futures Short | Pharma Sector | -4.5 | 15.0% | ₹ 1,50,00,000 | ₹ - 3,37,500 | ₹ 3,37,500 |
| Cash | | | 10.0% | ₹ 1,00,00,000 | ₹ - | ₹ - |
| **Total** | | | **100.000%** | **₹10,00,00,000** | **₹ 30,62,500** | **₹ - 30,62,500** |
| | | | | | **3.06%** | **-3.06%** |

| | |
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| **Note:** | |
| 1 | Equity Derivatives may include exchange traded Futures and Options on equity securities |
| 2 | NAV is representative of the market value at the asset level and aggregates to 100% at the fund level |
| 3 | Bond Price change is computed as : ( - Modified Duration * Interest Rate Shift ) |
| 4 | Bond Derivatives may include IRS, IRF,CDS etc |
| 5 | NAV is representative of the market value at the asset level and aggregates to 100% at the fund level |

**C. Liquidity risk management tools and its applicability: Not Applicable**

**D. Transparency/NAV Disclosure**

The NAVs of the Investment Strategy will be calculated and disclosed on every Business day on the website of the Infinity SIF viz https://www.kotakmf.com/sif and AMFI's website www.amfiindia.com by 11.00 p.m. The First NAV of the strategy shall be declared within 5 working days from the date of allotment.

In case the Investment Strategy has exposure in overseas securities/Mutual Fund units, the NAV will be published post receipt of the Price/ NAV of the overseas investments. Based on the current strategy exposure, the NAV will be published on the website of AMFI (www.amfiindia.com) and Infinity SIF (https://www.kotakmf.com/sif) by 10.00 a.m. of the following business day in accordance with paragraph 9.3 of SEBI Master circular No. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026.

Unitholders may avail the facility to receive the latest available NAVs through SMS by submitting a specific request in this regard to AMC/SIF. Also, information regarding NAVs can be obtained by the Unit holders / Investors by visiting the nearest ISC.

Delay in uploading of NAV beyond the cut-off time mentioned above shall be explained in writing to AMFI. In case the NAVs are not available before the commencement of business hours on the following business day due to any reason, a press release for revised NAV shall be issued.

In terms of SEBI regulations, a complete statement of the strategy portfolio will be sent to all unitholders whose e-mail addresses are registered, with AMC, within ten days from the close of each alternate month whose email addresses are registered with the Mutual Fund.
The portfolio of the strategy (along with ISIN) shall also be disclosed on the website of SIF (https://www.kotakmf.com/sif) and on the website of AMFI (www.amfiindia.com) as on the last day of every alternate month on the respective AMC website and on the website of AMFI within 10 days from the close of such month in a user-friendly and downloadable spreadsheet format.

## E. Transaction charges and stamp duty

a) Transaction Charges - Investors are requested to note that no transaction charges shall be deducted from the investment amount given by the investor for all transactions / applications (including SIP's) received through the distributors (i.e. in Regular Plan) and full investment amount (subject to deduction of statutory charges, if any) will be invested in the strategy.

b) Stamp Duty - A stamp duty @ 0.005% would be levied on all applicable SIF transactions. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including reinvestment IDCW and Switch in), transfers to the unitholders would be reduced to that extent.

Details regarding transaction charges and stamp duty refer to SAI.

## F. Associate Transactions-

Please refer to Statement of Additional Information (SAI).

## G. Taxation

For details on taxation please refer to the clause on Taxation in the SAI apart from the following:

The information is provided for general information purposes only. However, in view of the individual nature of tax implications, each investor is advised to consult his or her own tax adviser with respect to the specific tax implications arising out of his or her participation in the scheme.

**Capital Gain Taxation Rates -Resident Individual, HUF, Domestic Corporate, NRI$**

| **Particulars** | **Investments made** | **Listed or Unlisted** | **Short-term capital gains** | **Long-term capital gains** |
|---|---|---|---|---|
| | | | **Investments redeemed on or after 01-04-2025** | **Investments redeemed on or after 01-04-2025** |

| | | | Holding Period | Tax Rate^ | Holding Period | Tax Rate^ |
|---|---|---|---|---|---|---|
| Mutual Fund<br><br>(Domestic equity >35% and <65%)* | -- | Listed | = < 12 months | Applicable slab rates | > 12 months | 12.50% |

* As per section 112A, the percentage of equity shareholding or unit held in respect of the fund, as the case may be, shall be computed with reference to the annual average of the monthly averages of the opening and closing figures. Investment strategy shall endeavour to restrict funds invested in the equity shares of domestic companies listed on a recognised stock exchange less than sixty-five per cent.

**$** Subject to NRI having Permanent Account Number (PAN) in India. The TDS deductible in case of NRI shall also be increased by applicable surcharge as per Note 1 and 4% health and education cess. In case of NRI, if PAN is not available and specified declaration is not provided as specified under Rule 37BC, TDS @ higher of 20% or rates calculated as above will be deducted. The tax rates are subject to DTAA benefits available to NRI's. As per the Finance Act 2013, submission of tax residency certificate ("TRC") will be necessary for granting Double Taxation Avoidance Agreement ("DTAA") benefits to non-residents. A Taxpayer claiming DTAA benefit shall furnish a TRC of his residence obtained by him from the Government of that country or specified territory. Further, in addition to the TRC, the non-resident shall also provide electronically filed Form 10F and such other documents /information, as may be prescribed by the Indian Tax Authorities and Kotak Mahindra Mutual Fund or Kotak Mahindra Asset Management Company Ltd. Further investor needs to certify in its No PE declaration that the one of the principle purpose of investment is not to avail the treaty benefits & the investment asset & investment income are beneficial hold by the investor claiming DTAA benefits.

^ Tax rates for resident and non-residents shall be increased by applicable surcharge as per Note 1 and 4% Health & Education Cess.

**Tax implication on income distribution cum capital withdrawal (IDCW) received by unit holders**

| **Categories of Unit Holders** | **Threshold** | **TDS Rate** | **Taxation Rate** |
|---|---|---|---|
| **Resident Unit Holders** | Rs. 10,000 (w.e.f 1st April , 2025) | 10% | As per applicable Tax rates plus applicable surcharge and cess (Refer Note 1) |
| **Non-Resident Unit Holders (subject to DTAA benefits, in case applicable)** | | | |
| (1) FII/FPI | NILs | 20% plus applicable surcharge and cess (Refer note 1) | 20% plus applicable surcharge and cess (Refer Note 1) |
| (2)Foreign company/corporates | | | |

| | | | |
|---|---|---|---|
| Purchase in Indian Rupees | NILs | 20% plus applicable surcharge and cess (Refer note 1) | 35% plus applicable surcharge and cess (Refer Note 1) |
| Purchase in Foreign Currency | NILs | 20% plus applicable surcharge and cess (Refer note 1) | 20% plus applicable surcharge and cess (Refer Note 1) |
| (3) Others | | | |
| Purchase in Indian Rupees | NILs | 20% plus applicable surcharge and cess (Refer note 1) | At slab rates applicable plus applicable surcharge and cess (Refer Note 1) |
| Purchase in Foreign Currency | NILs | 20% plus applicable surcharge and cess (Refer note 1) | 20% plus applicable surcharge and cess (Refer Note 1) |

**Note 1: -**

A) In case of foreign companies;

- 2% where the total income exceeds Rs. 10,000,000 but less than / equal to Rs. 100,000,000
- 5% where the total income exceeds Rs. 100,000,000

B) In case of resident domestic corporate unit holders;

- 7% where the total income exceeds Rs. 10,000,000 but less than / equal to Rs. 100,000,000 or
- 12% where the total income exceeds Rs. 100,000,000
- 10% where domestic company is eligible & exercises the option granted u/s 115BAA or 115BAB of the Act.

C) In case of non-corporate resident unit holders being partnership firms covered under Indian Partnership Act, 1932/ Limited liability partnership covered under Limited Liability Partnership Act, 2008:

- 12% where the total income exceeds Rs.10,000,000

**D) (I) In case of resident and non-resident unit holders being individual, HUF, AOP, BOI and artificial juridical person (opting old regime of taxation);**

| **Income** | **Surcharge Rates** | | |
|---|---|---|---|
| Total Income | Other Income (i.e Income other than Capital gains covered under section 111A, section 112A, section 112, 115AD(1)(b) & company dividend). | Other Income (i.e Income other than Capital gains covered under section 111A, section 112A, section 112, 115AD(1)(b) & company dividend). | Capital gains covered under section 111A, section 112A, section 112, & 115AD(1)(b) & company dividend. |
| Upto 50Lakh | | Nil | Nil |
| More than 50Lakh up to 1 Cr | | 10% | 10% |
| More than 1 Cr but up to 2Cr | | 15% | 15% |
| More than 2 Cr | Up to 2 cr | 15% | 15% |

| | | | |
|---|---|---|---|
| | More than 2 cr but up to 5cr | 25% | 15% |
| | More than 5cr | 37% | 15% |

**(II) In case of resident and non-resident unit holders being individual, HUF, AOP, BOI and artificial juridical person (who have not elected for old regime of taxation);**

| Income | Surcharge Rates | | |
|---|---|---|---|
| Total Income | Other Income (i.e Income other than Capital gains covered under section 111A, section 112A, section 112, 115AD(1)(b) & company dividend). | Other Income (i.e Income other than Capital gains covered under section 111A, section 112A, section 112, 115AD(1)(b) & company dividend). | Capital gains covered under section 111A, section 112A, section 112, & 115AD(1)(b) & company dividend. |
| Upto 50Lakh | | Nil | Nil |
| More than 50Lakh up to 1 Cr | | 10% | 10% |
| More than 1 Cr but up to 2Cr | | 15% | 15% |
| More than 2 Cr | Up to 2 cr | 15% | 15% |
| | More than 2 cr | 25% | 15% |

**Note 2**: - W.e.f. 01.04.2020, as per Section 115R, no additional income tax payable on amount of distributed income on or after 01.04.2020.

**Note 3:**- Section 112A r.w.s section 55(ac) levies capital gains tax @ 12.5% on Long Term Capital Gains arising on transfer of units of equity-oriented funds.

The salient features of the capital gain tax are as under:

- Any transfer of equity-oriented fund units on or after 1 April 2018, shall not be exempt under section 10(38)
- Long term capital gains in excess of Rs. 1.25 lakh shall be taxable at rates mentioned in table above plus surcharge (if any, as applicable) plus health & education cess @ 4%.
- The capital gain will be computed without giving effect to the 1st and 2nd proviso to section 48 in the manner laid down under the section i.e. without indexation benefit and without foreign currency conversion benefit.

**Note 4**: - Tax Rates Regimes available for Domestic Corporate companies-

(a) 30% if investor falls into highest tax bracket.

(b) 25% If total turnover or gross receipts in the financial year 2020-21 does not exceed Rs. 400 crores.

(c) 22% lower rate is optional and subject to fulfilment of certain conditions (not claiming specified incentives and deductions) as provided in section 115BAA.

(d) 15% lower rate is optional for companies engaged in manufacturing business (set-up & registered on or after 1 October 2019) subject to fulfilment of certain conditions (not claiming specified incentives and deductions as provided in section 115BAB.

Further, the domestic companies are subject to minimum alternate tax (except for those who opt for lower rate of tax of 22%/15%) not specified in above tax rates

**Note 5**: - As per section 139AA of the Income tax Act, 1961 ('the Act') read with rule 114AAA of the Income-tax Rules, 1962, in the case of a resident person, whose PAN has become inoperative due to PAN-Aadhaar not being linked on or before 30 June 2023, it shall be deemed that he has not furnished the PAN and tax could be withheld at a higher rate of 20% as per section 206AA of the Act

**Note 6**: - Relaxation to non-residents from deduction of tax at higher rate in the absence of PAN subject to them providing specified information and documents.

**Note 7:**- It is assumed that the mutual fund units are held as capital assets by the investors.

**Note 8**: - Under Section 115BAC w.e.f 01.04.2023, all individual, HUF, AOP, BOI is required to pay tax at concessional rates (as below) under the new tax regime subject to the condition that certain exemptions/ losses/ deductions cannot be claimed. In case such taxpayer intends to claim deductions / exemptions, it may elect to opt for existing tax and slabs rates to continue to apply.

**Securities Transaction Cost**
**Other than Equity Oriented Fund : Nil**

**H. Rights of Unitholders-**

Please refer to SAI for details.

**I. List of official points of acceptance: Details of Official Acceptance Points is available [https://www.kotakmf.com/sif](https://www.kotakmf.com/sif)**

**J. Penalties, 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**

Please refer to our website https://www.kotakmf.com/sif for details.

**Notes:**

1. Further, any amendments / replacement / re-enactment of SEBI Regulations subsequent to the date of the Investment Strategy Information Document shall prevail over those specified in this Document.

2. The strategy under this Investment Strategy Information Document was approved by the Trustees on October 16, 2025

3. The Trustees have ensured that Infinity Hybrid Long Short Fund approved by them is a new product offered by Kotak Mahindra Mutual Fund/Infinity SIF and is not a minor modification of any existing strategy /fund/product.

4. Notwithstanding anything contained in the Investment Strategy Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 2026 and the guidelines there under shall be applicable.

**For and on behalf of the Board of Directors,**
**Kotak Mahindra Asset Management Company Limited**

**Sd/-**
**Ms. Jolly Bhatt**
**Compliance Officer**

**Place: Mumbai**
**Date: May 26, 2026**

**INVESTMENTS IN SPECIALIZED INVESTMENT FUND INVOLVES RELATIVELY HIGHER RISK INCLUDING POTENTIAL LOSS OF CAPITAL, LIQUIDITY RISK AND MARKET VOLATILITY. PLEASE READ ALL INVESTMENT STRATEGY RELATED DOCUMENTS CAREFULLY BEFORE MAKING THE INVESTMENT DECISION.**