



## STATEMENT OF ADDITIONAL INFORMATION

<b>Name of the Mutual Fund</b>	<b>The Wealth Company Mutual Fund</b> Registration Code: MF/086/25/12
<b>Name of the Asset Management Company</b>	<b>Wealth Company Asset Management Holdings Private Limited (the 'AMC')</b> CIN: U67200MH2018PTC314896
<b>Name of the Trustee Company</b>	<b>Pantomath Trustee Private Limited</b> CIN: U64300MH2025PTC438726

## Addresses, Website of the Entities

<b>The Wealth Company Mutual Fund</b>	Registered Address: Pantomath Nucleus House, Saki Vihar Road, Andheri East, Mumbai, Maharashtra 400072. Website: <a href="http://www.wealthcompanyamc.in">www.wealthcompanyamc.in</a> Email: <a href="mailto:investorcare@wealthcompany.in">investorcare@wealthcompany.in</a> Phone no.: 022-65786200 Registration Code: MF/086/25/12
<b>Wealth Company Asset Management Holdings Private Limited</b>	
<b>Pantomath Trustee Private Limited</b>	

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

**This SAI is dated September 11, 2025.**

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**



**LIST OF ADDENDUM TO STATEMENT OF ADDITIONAL INFORMATION (SAI)**

<b>Addendum no</b>	<b>Date of Addendum</b>	<b>Particulars</b>
01(2025-26)	September 22, 2025	Appointment of new Director
02(2025-26)	September 25, 2025	Appointment of key Personnel
03(2025-26)	October 14, 2025	Appointment of key Personnel
05(2025-26)	October 29, 2025	Appointment of Key Personnel
08 (2025-26)	November 06, 2025	Appointment of Key Personnel
09 (2025-26)	November 18, 2025	Appointment of Key Personnel
10 (2025-26)	November 18, 2025	Appointment of Key Personnel
11 (2025-26)	November 18, 2025	Appointment of Key Personnel
12 (2025-26)	November 18, 2025	Appointment of Key Personnel
15(2025-26)	December 01,2025	Appointment of Key Personnel
16(2025-26)	December 11,2025	Change in rounding off policy for Net Asset Value (NAV) computation
17(2025-26)	December 11,2025	Change in Fund Manager
18(2025-26)	December 16,2025	Appointment of Custodian
19(2025-26)	December 17,2025	Appointment of Key Personnel
22(2025-26)	December 31,2025	Appointment of Key Personnel

**01(2025-26) NOTICE-CUM-ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION ('SAI') OF THE WEALTH COMPANY MUTUAL FUND ('THE FUND')**

Notice is hereby given that Dr. Kshatrapati Shivaji has been appointed as Non-Executive & Non-Independent of Wealth Company Asset Management Company Holdings Private Limited with effect from September 17, 2025. Accordingly, sub-section 'Details of AMC Directors' of section 'Asset Management Company' in the SAI shall be modified in accordance with the above as follows:

Name	Age / Qualification	Brief experience
<b>Dr. Kshatrapati Shivaji</b> <b>(Non-Executive &amp; Non-Independent)</b>	B.Sc. Degree in Civil Engineering, M. Tech. in Building Science & Construction Management from IIT Delhi, M.A. in Economics, PGDM with electives in International Finance from MDI Gurgaon, and Ph.D. in Management and Finance.  Age: 64	Dr. Kshatrapati Shivaji is a distinguished retired IAS officer, 1986 batch, Maharashtra Cadre, with approximately 40 years of experience in finance, industry, trade, and administrative leadership.  Dr. Kshatrapati Shivaji has been a prominent representative of India at international forums, serving as Dean of the Board of the Asian Development Bank and showcasing his leadership in global financial engagement. With a distinguished career spanning multiple roles, Dr. Kshatrapati Shivaji has held key positions such as CMD of Small Industries Development Bank of India (SIDBI) and founding Chairman of MUDRA Ltd. He has also led SIDBI Venture Capital Ltd., CGTMSE, and NCGTC, and served as CMD of Maharashtra State Financial Corporation and CEO of Kerala Financial Corporation. Additionally, Dr. Kshatrapati Shivaji has held senior positions in the Government of Maharashtra, including Principal Secretary of the Finance, Industries, and IT Departments.

All other terms & conditions in the SAI of the Fund remain unchanged.

This addendum forms an integral part of the SAI of the Fund.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited**  
**(Asset Management Company to The Wealth Company Mutual Fund)**

Sd/-

Suruchi Wanare  
Chief Compliance Officer  
**Date: September 22, 2025**  
**Place: Mumbai**

**02 (2025-26) NOTICE-CUM-ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION ('SAI'), SCHEME INFORMATION DOCUMENT ("SID") AND KEY INFORMATION MEMORANDUM ("KIM") OF THE SCHEMES OF THE SCHEMES OF THE WEALTH COMPANY MUTUAL FUND ('THE FUND')****Appointment of Key Personnel**

**NOTICE IS HEREBY GIVEN THAT** Ms. Saloni Kapadia has been appointed as Key Personnel of Wealth Company Asset Management Company Holdings Private Limited in the capacity of Equity Fund Manager with effect from Tuesday, September 23, 2025. Accordingly, sub-section 'Information on Key Personnel' of section 'Asset Management Company' in the SAI shall be modified in accordance with the above as follows:

<b>Name</b>	<b>Age / Qualification</b>	<b>Brief experience</b>
<b>Saloni S Kapadia</b>	PGDBM from S.P. Jain Institute of Management & Research, Mumbai - CFA from CFA Institute, USA  Age: 42 Years	Ms. Saloni is an investment professional with over 19 years of experience in fund management, equity research, fixed income and ESG initiatives across India and Asian markets. Saloni is an SP Jain MBA and is also a qualified CFA.  Ms. Saloni was also associated with Aviva Life Insurance India where she managed equity and fixed income portfolios.  She has also held leadership roles at Phillip Capital Management and State Bank of India.

All other terms & conditions in the SAI remain unchanged.

This addendum forms an integral part of the SAI, SID, KIM of the Fund.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

Sd/-

**Suruchi Wanare**  
Chief Compliance Officer

**Date:** September 25, 2025

**Place:** Mumbai

**03 (2025-26) NOTICE-CUM-ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION ('SAI'), SCHEME INFORMATION DOCUMENT ("SID") AND KEY INFORMATION MEMORANDUM ("KIM") OF THE SCHEMES OF THE SCHEMES OF THE WEALTH COMPANY MUTUAL FUND ('THE FUND')**

**Appointment of Key Personnel**

**NOTICE IS HEREBY GIVEN THAT** Mr. Neeraj Jain has been appointed as Key Personnel of Wealth Company Asset Management Company Holdings Private Limited in the capacity of Fixed Income- Fund Manager with effect from Thursday, October 09, 2025. Accordingly, sub-section 'Information on Key Personnel' of section 'Asset Management Company' in the SAI shall be modified in accordance with the above as follows:

<b>Name</b>	<b>Age / Qualification</b>	<b>Brief experience</b>
<b>Neeraj Jain</b>	B.E. (Mechanical) PGDM (MDI Gurugram) CFA (USA)  Age:35 Years	Over 8 years in the financial markets with majority exposure to fixed income market segment.  <b>1. April 11, 2024 – October 8, 2025</b> Fund Manager – Fixed Income, TRUST Asset Management Private Limited <b>2. June 2021 - April 10, 2024</b> Dealer – Fixed Income, TRUST Asset Management Private Limited <b>3. December 2020 - June 2021</b> AVP – Product Lead, TRUST Asset Management Private Limited <b>4. June 2017 - November 2020</b> Institutional Dealer, WDM Desk, TRUST Group <b>5. June 2013 – August 2014</b> Trader – Interest Rate Market, Futures First

All other terms & conditions in the SAI remain unchanged.

This addendum forms an integral part of the SAI, SID, KIM of the Fund.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

**Sd/-**

**Suruchi Wanare  
Chief Compliance Officer**

**Date:** October 14, 2025

**Place:** Mumbai

**05 (2025-26) NOTICE-CUM-ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION ('SAI') OF THE WEALTH COMPANY MUTUAL FUND ('THE FUND')****Appointment of Key Personnel**

**NOTICE IS HEREBY GIVEN THAT** Mr. Niranjan Das has been appointed as Key Personnel of Wealth Company Asset Management Company Holdings Private Limited in the capacity of Fund Manager (Gold and Silver) with effect from Monday, October 27, 2025. Accordingly, sub-section 'Information on Key Personnel' of section 'Asset Management Company' in the SAI shall be modified in accordance with the above as follows:

<b>Name</b>	<b>Age / Qualification</b>	<b>Brief experience</b>
<b>Niranjan Das</b>	MBA Finance, M.Com & B.Com  Age:58 Years	He had been associated with UTI Mutual Fund from December 1992 to May 2025, where he handled various responsibilities such as Fund Manager for Gold and Silver ETFs, overseeing Schemes management & operations, dealing and investment operations, managing equity, debt, and ETF trades, and supporting risk and fund management functions.

All other terms & conditions in the SAI remain unchanged.

This addendum forms an integral part of the SAI.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

**Sd/-**

**Authorised Signatory**

**Date:** October 29, 2025

**Place:** Mumbai

**08 (2025-26) NOTICE-CUM-ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION ('SAI') OF THE WEALTH COMPANY MUTUAL FUND ('THE FUND')****Appointment of Key Personnel**

**NOTICE IS HEREBY GIVEN THAT** Ms. Jayalaxmi Gupta has been appointed as Key Personnel of Wealth Company Asset Management Company Holdings Private Limited in the capacity of Equity- Research Analyst with effect from Monday, November 03, 2025. Accordingly, sub-section 'Information on Key Personnel' of section 'Asset Management Company' in the SAI shall be modified in accordance with the above as follows:

Name	Age / Qualification	Brief experience
Jayalaxmi Gupta	Masters in management studies (Finance) & Bachelor's in management studies  Age: 34 Years	She had been associated with Anand Rathi Stockbrokers, Elara Capital, & IDBI Capital Markets & Securities where she contributed to coverage of various sectors and played a key role in preparing in-dept Company Analysis. Her earlier experience at IDBI Asset Management Ltd. Involved assisting fund managers with stock recommendations and portfolio strategies.

All other terms & conditions in the SAI remain unchanged.

This addendum forms an integral part of the SAI.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

Sd/-

**Authorised Signatory**

**Date:** November 06, 2025

**Place:** Mumbai

**09 (2025-26) NOTICE-CUM-ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION ('SAI') OF THE WEALTH COMPANY MUTUAL FUND ('THE FUND')****Appointment of Key Personnel**

**NOTICE IS HEREBY GIVEN THAT** Mr. Manish Ghag has been appointed as Key Personnel of Wealth Company Asset Management Company Holdings Private Limited in the capacity of Chief Risk Officer with effect from Tuesday, November 18, 2025. Accordingly, sub-section 'Information on Key Personnel' of section 'Asset Management Company' in the SAI shall be modified in accordance with the above as follows:

Name	Age / Qualification	Brief experience
Manish Ghag	B.Com and Chartered Accountant  Age: 44 years	He has over 18 years of experience in risk management, internal audit, system implementation and investment operations across the mutual fund and BFSI sector.  In his most recent role at Trust Asset Management Pvt. Ltd he served as DVP and Chief Risk Officer, where he was responsible for implementing SEBI mandated risk management frameworks and monitoring the same regularly  Before this, he spent over a decade with Principal Asset Management Pvt. Ltd., where he contributed to risk management, internal audits. He has also worked with reputed audit firms including Aneja Associates, M. P. Chitale & Co. and Parikh Joshi & Kothare.

**Cessation of Key Personnel**

Mr. Vikrant Shinde will cease to be a Key personnel and Chief Risk Officer (CRO) pursuant to appointment of Manish Ghag as the CRO with effect from November 18, 2025.

All other terms & conditions in the SAI remain unchanged.

This addendum forms an integral part of the SAI.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

Sd/-

**Authorised Signatory**

Date: November 18, 2025

Place: Mumbai

**10 (2025-26) NOTICE-CUM-ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION ('SAI') OF THE WEALTH COMPANY MUTUAL FUND ('THE FUND')****Appointment of Key Personnel**

**NOTICE IS HEREBY GIVEN THAT** Mr. Sunil Sawant has been appointed as Key Personnel of Wealth Company Asset Management Company Holdings Private Limited in the capacity of Equity dealer with effect from Tuesday, November 18, 2025. Accordingly, sub-section 'Information on Key Personnel' of section 'Asset Management Company' in the SAI shall be modified in accordance with the above as follows:

Name	Age / Qualification	Brief experience
<b>Sunil Sawant</b>	M.com  Age: 38 years	Mr. Sunil is an accomplished capital markets professional with extensive experience in equity dealing, trade execution, client servicing and portfolio support across leading brokerage and asset management platforms. He brings strong expertise in executing trades across equity and related asset classes.  In his most recent role at Motilal Oswal Asset Management Company Limited, he worked as a Mutual Fund Dealer and later as a PMS and AIF Dealer.

All other terms & conditions in the SAI remain unchanged.

This addendum forms an integral part of the SAI.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

Sd/-

**Authorised Signatory**

**Date:** November 18, 2025

**Place:** Mumbai

**11 (2025-26) NOTICE-CUM-ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION ('SAI') OF THE WEALTH COMPANY MUTUAL FUND ('THE FUND')****Appointment of Key Personnel**

**NOTICE IS HEREBY GIVEN THAT** Mr. Abhishu Tailor has been identified as Key Personnel of Wealth Company Asset Management Company Holdings Private Limited in the capacity of Research analyst - SIF with effect from Tuesday, November 18, 2025. Accordingly, sub-section 'Information on Key Personnel' of section 'Asset Management Company' in the SAI shall be modified in accordance with the above as follows:

<b>Name</b>	<b>Age / Qualification</b>	<b>Brief experience</b>
<b>Abhishu Tailor</b>	Post Graduate Programme in Management (Finance, Strategy & Analytics)  Age: 29 years	Mr. Abhishu brings over five years of experience across equity research, quantitative analysis and investment strategy. Prior to joining us, Mr. Abhishu was associated with Xerago Securities, where he authored investment notes and developed sector-tracking frameworks for equities, ETFs and commodities. Before that, he worked with QED Capital Advisors LLP as a Quant Analyst & Systems Trader, designing and executing low-drawdown strategies and with RoboCapital, where he conducted in-depth research on small and mid-cap companies and supported portfolio management functions.

All other terms & conditions in the SAI remain unchanged.

This addendum forms an integral part of the SAI.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

Sd/-

**Authorised Signatory**

**Date:** November 18, 2025

**Place:** Mumbai

**12 (2025-26) NOTICE-CUM-ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION ('SAI') OF THE WEALTH COMPANY MUTUAL FUND ('THE FUND')****Appointment of Key Personnel**

**NOTICE IS HEREBY GIVEN THAT** Mr. Chinmay Sathe has been identified as Key Personnel of Wealth Company Asset Management Company Holdings Private Limited in the capacity of Chief Investment Officer – Specialized Investment Fund with effect from Tuesday, November 18, 2025. Accordingly, sub-section 'Information on Key Personnel' of section 'Asset Management Company' in the SAI shall be modified in accordance with the above as follows:

<b>Name</b>	<b>Age / Qualification</b>	<b>Brief experience</b>
<b>Chinmay Sathe</b>	B.E, PGDM  Age: 48 years	Mr. Sathe brings with him over 21 years of experience in the Asset Management Services industry, with expertise in fund management, equity research and across diverse asset classes. He spent over 11 years at Bajaj Allianz Life as Senior Fund Manager. His earlier stints were with L&T Mutual Fund, DSP Merrill Lynch and UTI Mutual Fund as Equity Research Analyst.

All other terms & conditions in the SAI remain unchanged.

This addendum forms an integral part of the SAI.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

**Sd/-**

**Authorised Signatory**

**Date:** November 18, 2025

**Place:** Mumbai

**15 (2025-26) NOTICE-CUM-ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION ('SAI') OF THE WEALTH COMPANY MUTUAL FUND ('THE FUND')****Appointment of Key Personnel**

**NOTICE IS HEREBY GIVEN THAT** Mr. Basanth Patil N P has been appointed as Key Personnel of Wealth Company Asset Management Company Holdings Private Limited in the capacity of Equity- Research Analyst with effect from Monday, December 01, 2025. Accordingly, sub-section 'Information on Key Personnel' of section 'Asset Management Company' in the SAI shall be modified in accordance with the above as follows:

Name	Age / Qualification	Brief experience
<b>Basanth Patil N P</b>	MBA Finance  Age: 45 Years	He has 15 years of experience in the Indian equity markets, with extensive sector expertise across Automobiles & Auto Components, Building Materials, Cement, and Pipes.  Previously, He was associated with TCG AMC, Authum Investment, HDFC Securities, and Quantum Securities, contributing to robust research processes and value-driven investment outcomes.

All other terms & conditions in the SAI remain unchanged.

This addendum forms an integral part of the SAI.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

**Sd/-**

**Authorised Signatory**

**Date:** December 04, 2025

**Place:** Mumbai

**NOTICE-CUM-ADDENDUM No. 16 (2025-26) TO THE SCHEME INFORMATION DOCUMENT ('SID'), KEY INFORMATION MEMORANDUM ('KIM') OF THE WEALTH COMPANY MULTI ASSET ALLOCATION FUND AND STATEMENT OF ADDITIONAL INFORMATION (SAI)**

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**Change in rounding off policy for Net Asset Value (NAV) computation**

**NOTICE IS HEREBY GIVEN** that the Net Asset Value ("NAV") of The Wealth Company Multi Asset Allocation Fund shall be calculated and reported up to four (4) decimal places in substitution of the earlier policy of calculation up to two (2) decimal places with effect from reopening of the scheme i.e. 12<sup>th</sup> December 2025.

Further, for all equity oriented and balanced fund schemes, Mutual Funds shall round off NAVs up to four decimal places.

This Addendum shall form an integral part of the Scheme Information Document ("SID") and Key Information Memorandum ("KIM") of all applicable schemes and Statement of Additional Information ('SAI').

All other terms & conditions in the SID, KIM and SAI remain unchanged.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

Sd/-

**Authorised Signatory**

**Date:** December 11, 2025

**Place:** Mumbai

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**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY**

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**17 (2025-26) NOTICE-CUM-ADDENDUM TO THE SCHEME INFORMATION DOCUMENT (“SID”) AND KEY INFORMATION MEMORANDUM (“KIM”) OF THE SCHEME OF THE WEALTH COMPANY MUTUAL FUND (‘THE FUND’)**

**Change in Fund Manager**

**NOTICE IS HEREBY GIVEN THAT** Fund Manager for below mentioned Scheme shall change with effect from December 12, 2025 as under:

<b>Sr.No</b>	<b>Scheme Name</b>	<b>Existing Fund Managers</b>	<b>New Fund Managers</b>
1.	The Wealth Company Arbitrage Fund	<u>For Equity</u> 1. Ms. Aparna Shanker 2. Mr. Rouhak Shah	<u>For Equity</u> 1. Ms. Aparna Shanker 2. Mr. Rouhak Shah  <u>For Debt</u> Mr. Neeraj Jain

All other terms & conditions in the SID & KIM remain unchanged.

This addendum forms an integral part of the SID & KIM of the Fund.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

**Authorised Signatory**

**Sd/-**

**Date:** December 11, 2025

**Place:** Mumbai



**18 (2025-26) NOTICE-CUM-ADDENDUM TO STATEMENT OF ADDITIONAL INFORMATION OF THE WEALTH COMPANY MUTUAL FUND (THE 'FUND')**

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**Appointment of Custodian**

**NOTICE IS HEREBY GIVEN THAT** SBI-SG Global Securities Services Private Limited has been appointed as Custodian for custody of physical gold for the Wealth Company Gold ETF. The SBI-SG Global Securities Services Private Limited is having its corporate office at B Wing, Jeevan Seva Annexe Bldg, Ground Floor, SV Road, Santa Cruz (West), Mumbai – 400054 and its SEBI Registration Number IN/CUS/022.

All other terms & conditions in the SAI remain unchanged.

This addendum forms an integral part of the SAI of the Fund

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

**Authorised Signatory**

**Date:** December 16, 2025

**Place:** Mumbai



**18 (2025-26) NOTICE-CUM-ADDENDUM TO STATEMENT OF ADDITIONAL INFORMATION OF THE WEALTH COMPANY MUTUAL FUND (THE 'FUND')**

---

**Appointment of Custodian**

**NOTICE IS HEREBY GIVEN THAT** SBI-SG Global Securities Services Private Limited has been appointed as Custodian for custody of physical gold for the Wealth Company Gold ETF. The SBI-SG Global Securities Services Private Limited is having its corporate office at B Wing, Jeevan Seva Annexe Bldg, Ground Floor, SV Road, Santa Cruz (West), Mumbai – 400054 and its SEBI Registration Number IN/CUS/022.

All other terms & conditions in the SAI remain unchanged.

This addendum forms an integral part of the SAI of the Fund

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

Sd/-

**Authorised Signatory**

**Date:** December 16, 2025

**Place:** Mumbai

**19 (2025-26) NOTICE-CUM-ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION ('SAI') OF THE WEALTH COMPANY MUTUAL FUND ('THE FUND')**

**Appointment of Key Personnel**

**NOTICE IS HEREBY GIVEN THAT** Ms. Ruchi Jain has been appointed as Key Personnel of Wealth Company Asset Management Holdings Private Limited in the capacity of Equity Research Analyst – SIF with effect from Monday, December 15, 2025. Accordingly, sub-section 'Information on Key Personnel' of section 'Asset Management Company' in the SAI shall be modified in accordance with the above as follows:

Name	Age / Qualification	Brief experience
<b>Ruchi Jain</b>	Post Graduate Diploma Management Studies (Finance)  Age: 30 Years	<p>Ms. Ruchi Jain has 5 years of experience in company and industry research, competitive analysis, and market trend studies. She has worked extensively on fundamental equity research, financial statement analysis and valuation to support investment decisions.</p> <p>Her expertise includes providing institutional equity research and advisory across multiple sectors. In her previous roles, she was responsible for initiating coverage, preparing quarterly and annual result updates and IPO analysis. Additionally, she actively engaged with company management and Investor relations teams through analyst meetings and conference calls.</p>

All other terms & conditions in the SAI remain unchanged.

This addendum forms an integral part of the SAI.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
 (Asset Management Company to The Wealth Company Mutual Fund)**

Sd/-

**Authorised Signatory**

**Date:** December 17, 2025

**Place:** Mumbai

**22 (2025-26) NOTICE-CUM-ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION ('SAI') OF THE WEALTH COMPANY MUTUAL FUND ('THE FUND')**
**Appointment of Key Personnel**

**NOTICE IS HEREBY GIVEN THAT** Mr. Rakesh Trikha has been designated as Key Personnel of Wealth Company Asset Management Holdings Private Limited in the capacity of Senior Vice President-Head of Sales & Marketing with effect from Monday, December 29, 2025. Accordingly, sub-section 'Information on Key Personnel' of section 'Asset Management Company' in the SAI shall be modified in accordance with the above as follows:

Name	Age / Qualification	Brief experience
<b>Mr. Rakesh Trikha</b>	MA, LLB Age: 60 Years	<p>Mr. Rakesh Trikha is a senior financial services professional with over 35 years of experience in the mutual fund and investment management industry.</p> <p>He spent more than three decades with UTI Mutual Fund/UTI AMC, rising to the position of Senior Executive Vice President – Head of Strategic Alliances, and has led national distribution, banking channels, and strategic partnerships across India, including roles as Channel Head, Zonal Head (West), and Regional Head (Mumbai, Goa, and Delhi). Post UTI, he worked as an Advisor with UTI Mutual Fund and was associated with Citrus Advisors Pvt. Ltd. as National Head – Sales, leading the national sales strategy for Portfolio Management Services (PMS).</p>

All other terms & conditions in the SAI remain unchanged.

This addendum forms an integral part of the SAI.

Investors are requested to kindly take note of the above.

**For Wealth Company Asset Management Holdings Private Limited  
(Asset Management Company to The Wealth Company Mutual Fund)**

**Authorised Signatory**

**Date:** December 31, 2025

**Place:** Mumbai

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

### A. Constitution of the Mutual Fund

The Wealth Company Mutual Fund (the "Mutual Fund") has been constituted as a Trust on March 05, 2025, in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with Pantomath Capital Advisors Private Limited ("the Sponsor") as the Sponsor and Pantomath Trustee Private Limited ("the Trustee Company"/" Trustee") as Trustee of the Mutual Fund. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund is registered with Securities and Exchange Board of India (SEBI) on July 18, 2025 under Registration Code MF/086/25/12.

No amendments to the trust deed shall be carried out without the prior approval of SEBI and unitholders approval would be obtained where it affects the interest of unitholder.

### B. Sponsors

The Wealth Company Mutual Fund is sponsored by Pantomath Capital Advisors Private Limited. The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs.10,00,000/- (Indian Rupees Ten Lakhs only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

#### Brief activities of the sponsor

Pantomath Capital Advisors Private Limited is widely recognized as India's leading mid-market Investment Banking Institutions. Pantomath has successfully executed 125 IPO transactions facilitating capital access for high growth enterprises across diverse sectors.

Financial Performance of the Sponsor (past three years):

Particulars	FY2024-25	FY 2023-24	FY 2022-23
Net Worth	175.71	85.26	61.79
Total Income	161.58	50.82	36.04
Profit after tax	91.08	23.46	11.79
Assets under Management (if applicable)	NA	NA	NA

(in crores)

### C. The Trustee

Pantomath Trustee Private Limited (the "Trustee"), through its Board of Directors, shall discharge its obligations as Trustee of The Wealth Company Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI (Mutual Funds) Regulations, 1996 ("SEBI (MF) Regulations") and will also review the activities carried on by the AMC.

#### Details of Trustee Directors:

Name	Age/ Qualification	Brief experience
<b>Dr. Ram Sewak Sharma (Independent)</b>	M.Sc. (Mathematics) from IIT, Kanpur, Masters in Computer from the University of California, Riverside (USA), PhD from IIT (Delhi)  Age: 69	Dr. Ram Sewak Sharma, (1978 batch ret'd. IAS). He has held various prestigious positions with the Government of India, including Director General of the Unique Identification Authority of India (UIDAI) and Chairman of the Telecom Regulatory Authority of India (TRAI). Dr. Sharma is widely recognized for his significant contributions to the development of Aadhaar, CoWIN, and the Ayushman Bharat Digital Mission.
<b>Dr. Hukum Chand Jain (Independent)</b>	MA (Pol Science) Allahabad University, LLB (Delhi University), PhD (History) Rohil University, PG Diploma in Business Administration (Lal Bahadur Shastri Academy Lucknow)  Age: 68	Dr. Hukum Chand Jain is Ret'd. Indian Revenue Service official 1982 batch. He held various positions, including Assistant Commissioner, Deputy Commissioner, Additional Commissioner, Commissioner, Principal Commissioner, and Chief Commissioner of Income Tax, in different cities like Lucknow, Dehradun, Bareilly, Delhi, Kolkata, Chennai, and Mumbai. He also served as Vice-Chairman of the Income Tax Settlement Commission in Kolkata, Mumbai, and Chennai. Retiring in December 2018, he currently works as a tax consultant and advisor to corporations, professionals, and occasionally represents significant matters as an advocate before tribunals and other judicial forums.
<b>Smt. Rashmi Verma (Independent)</b>	MA (Political Science), M (Phil), MBA	Smt. Rashmi Verma, a 1982 batch IAS officer, held the esteemed position of Secretary of the Ministry of Textiles in India from 2012 to 2015.

	Age: 66	Her illustrious career has taken her to various prestigious positions, both at the central and state levels. She has held roles in the Ministry of Finance, Ministry of Defence, and the Prime Minister's Office. Notably, she served as Special Secretary in the Department of Revenue within the Ministry of Finance. Verma's extensive and diverse experience encompasses key positions at both the Central and State levels.
<b>Mr. Krishan Kumar Jalan (Associate)</b>	M.Sc. (Mathematics), MSS (Development Administration) M. Phil (Mathematics) M. Phil (Public Administration)  Age: 67	Mr. Krishan Kumar Jalan, IAS (Retd.), has over 35 years of experience and has served at various senior positions with distinction. Mr. Jalan, retired as Principal Secretary, Govt. of India, Ministry of Micro, Small and Medium Enterprises. Mr. Jalan worked as Commissioner and Secretary of Finance in the Government of Haryana. As Managing Director of Corporations like Haryana Tourism Corporation, oversaw all aspects of the corporation, including finance. And also served as Chief of EPFO, managing over Rs. Ten lakhs Crores of funds and ensuring their proper deployment while reviewing the work of fund managers. Additionally, introduced the participation of EPF in equity. Furthermore, worked or am currently working as Chairman and Member of Audit Committees of various listed companies, investigating their finances and fund deployment.

#### **Responsibilities and Duties of the Trustees under the Trust Deed and SEBI (Mutual Fund) Regulations:**

Pursuant to the Trust Deed dated March 05, 2025 (as amended from time to time) constituting the Mutual Fund and in terms of the SEBI (MF) Regulations, the rights, obligations, responsibilities and duties of the Directors of the Trustee (the "Trustees"), inter-alia, are as under:

1. The Trustees and the AMC have with the prior approval of SEBI entered into an Investment Management Agreement.
2. The Investment Management Agreement contains clauses as are mentioned in the Fourth Schedule of the SEBI (MF) Regulations and such other clauses as are necessary for the purpose of entrusting investment management of the Mutual Fund.
3. The Trustees shall have a right to obtain from the AMC such information as is considered necessary by it.
4. The Trustees shall ensure that:
  - The Trustee Company shall approve the policy for empanelment of brokers by the AMC.
  - The AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
  - the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to the interests of the Unitholders.
  - the transactions entered into by the AMC are in accordance with SEBI (MF) Regulations and the Scheme(s).
  - the AMC has been managing the Scheme (s) independently of other activities and has taken adequate steps to ensure that the interest of investors of one scheme is not compromised with those of any other scheme or of other activities of the AMC.
  - all the activities of the AMC are in accordance with the provisions of SEBI (MF) Regulations.
5. Where the Trustee have reason to believe that the conduct of the business of the Fund is not in accordance with the SEBI (MF) Regulations and / or the Scheme(s), they shall forthwith take such remedial steps as are necessary and shall immediately inform the SEBI of the violation and the action taken by them.
6. Each Trustee shall file with the Fund details of his/her transactions of dealings in securities within the Mutual Funds
7. The Trustees shall be accountable for and be the custodian of the funds and property of the Scheme(s) and shall hold the same in trust for the benefit of the Unitholders in accordance with SEBI (MF) Regulations and the provisions of the Trust Deed.
8. The Trustees shall take steps to ensure that the transactions of the Fund are in accordance with the provisions of the Trust Deed.
9. The Trustees shall ensure that the income calculated by the AMC under sub-regulation (25) of regulation 25 of these regulations in accordance with the SEBI (MF) Regulations and the Trust Deed.
10. The Trustees shall obtain the consent of the Unitholders:
  - whenever required to do so by the SEBI in the interest of the Unitholders; or
  - whenever required to do so on the requisition made by three- fourths of the Unitholders of any scheme or such number of

- Unitholders as may be prescribed by SEBI from time to time; or
- when the majority of the Trustee decide to wind up a scheme in terms of clause (a) of sub regulations (2) of regulation 39 of the SEBI (MF) Regulations or prematurely redeem the units of a close ended scheme.
11. The Trustees shall ensure that no change in the fundamental attributes of the Scheme(s) and the Plan(s) / Option(s) there under or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) there under and affect the interests of Unitholders is carried out unless it complies with sub-regulation (26) of the regulation 25 of the SEBI (MF) Regulations.
  12. The Trustees shall call for the details of transactions in securities by the key personnel of the AMC in their own personal names or on behalf of the AMC and report to SEBI, as and when required.
  13. The Trustees shall quarterly or at such frequency as may be prescribed by SEBI from time to time review all transactions carried out between the Mutual Fund, AMC and its associates.
  14. The Trustees shall on a quarterly basis review the networth of the AMC to ensure compliance with the threshold provided in clause (f) of sub-regulation (1) of regulation 21 on a continuous basis as per SEBI (MF) Regulations.
  15. The Trustees shall periodically review all the service contracts relating to custody arrangements, transfer agency of the securities and satisfy themselves that such contracts are executed in the interest of the unit holders.
  16. The Trustees shall ensure that there is no conflict of interest between the manner of deployment of its networth by the AMC and the interest of the Unitholders.
  17. The Trustees shall periodically review the investor complaints received and the redressal of the same by the AMC.
  18. The Trustees shall abide by the Code of Conduct as specified in PART – A of the Fifth Schedule to the SEBI (MF) Regulations.
  19. The Trustees shall furnish to SEBI on a half yearly basis or at such frequency as may be prescribed by the SEBI from time to time:
    - a report on the activities of the Mutual Fund.
    - a certificate stating that the Trustees have satisfied themselves that there have been no instances of self-dealing or front running by any of the trustees, directors and key personnel of the AMC.
    - a certificate to the effect that the AMC has been managing the Scheme(s) independently of the other activities and in case any activities of the nature referred to in sub regulation (2) of Regulation 24 of the SEBI (MF) Regulations have been undertaken by the AMC and has taken adequate steps to ensure that the interest of the Unitholders is protected.
  20. The independent Trustee referred to in sub-regulation (5) of regulation 16 of the SEBI (MF) Regulations shall give their comments on the report received from the AMC regarding the investments by the mutual fund in the securities of group companies of the sponsor.
  21. The Trustees shall review all information and documents received from the AMC as required from time to time under SEBI (MF) Regulations.
  22. The Trustee shall exercise due diligence as under:

**General Due Diligence:**

- (i) The directors of the Trustee shall be discerning in the appointment of the directors on the Board of the AMC.
- (ii) The Trustees shall review the desirability of continuance of the AMC if substantial irregularities are observed in any of the scheme(s) and shall not allow the AMC to float new scheme(s).
- (iii) The Trustees shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
- (iv) The Trustees shall ensure that all service providers are holding appropriate registrations from the SEBI or concerned regulatory authority.
- (v) The Trustees shall arrange for test checks of service contracts.
- (vi) The Trustees shall immediately report to the SEBI of any special developments in the mutual fund.

**Specific Due Diligence:** The Trustees shall:

- (i) Obtain internal audit reports at regular intervals from independent auditors appointed by the Trustee.
  - (ii) Obtain compliance certificates at regular intervals from the AMC.
  - (iii) Hold meeting of Trustees more frequently.
  - (iv) Consider the reports of the independent auditor and compliance reports of the AMC at the meetings of the Trustee for appropriate action.
  - (v) Maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings.
  - (vi) Prescribe and adhere to the code of ethics by the Trustee, AMC and its personnel
23. Communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies. Notwithstanding anything contained in sub-regulations (1) to (25) of the SEBI (MF) Regulations, the Trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.
  24. The independent directors of the Trustees shall pay specific attention to the following, as may be applicable, namely:

- (i) the Investment Management Agreement and the compensation paid under the agreement.
- (ii) service contracts with associates: whether the AMC has charged higher fees than outside contractors for the same services.
- (iii) selection of the AMC's independent directors.
- (iv) securities transactions involving associates to the extent such transactions are permitted.
- (v) selection and nomination of individuals to fill independent directors' vacancies.
- (vi) designing of code of ethics to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
- (vii) the reasonableness of fees paid to Sponsors, AMC and any others for services provided.
- (viii) principal underwriting contracts and their renewals.
- (ix) any service contract with the associates of the AMC.

25. The trustees shall also exercise due diligence on such matters as may be specified by SEBI from time to time.

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

### Core Responsibilities

- (i) The Trustees shall ensure the fairness of the fees and expenses charged by the AMCs.
- (ii) The Trustees shall review the performance of AMC in its schemes vis-a-vis the performance of peers or the appropriate benchmarks.
- (iii) The Trustees shall ensure that the AMCs have put in place adequate systems to prevent mis-selling to increase assets under their management and valuation of the AMCs.
- (iv) The Trustees shall ensure that operations of AMCs are not unduly influenced by the AMCs Sponsor, its associates and other stakeholders of AMCs.
- (v) The Trustees shall ensure that undue or unfair advantage is not given by AMCs to any of their associates/group entities.
- (vi) The Trustees shall be responsible to address conflicts of interest, if any, between the shareholders/stakeholders/associates of the AMCs and unitholders.
- (vii) The Trustees shall ensure that the AMC has put in place adequate systems to prevent misconduct including market abuse/misuse of information by the employees, AMC and connected entities of the AMCs.
- (viii)

Role of the Trustee - The supervisory role of the Trustee will be discharged inter alia by reviewing the information and operations of The Mutual Fund based on the reports furnished by AMC, internal audit reports/compliance reports received on a periodical basis. The board meeting of the Trustee shall be held at least once in every two calendar months and at least six such meetings shall be held every year or at such frequency as may be prescribed under the Mutual Fund Regulations. Further, the quorum for a board meeting of the Trustee shall not be constituted unless such a number of independent directors as may be prescribed by SEBI, from time to time, are present in at the meeting.

The Trustee Company was incorporated on 20<sup>th</sup> January 2025 and the board of trustees has met 2 times during the previous year. Further, the board of directors of the Trustee has constituted an audit committee and risk committee chaired by an independent director. The audit committee shall meet periodically to discuss the internal control systems, the scope of audit of the internal auditors, as well as the observations made by them. They shall also review the annual financial accounts. Recommendations, if any, of the audit committee on any matter relating to financial management etc. are considered in the subsequent board meeting of the AMC and the Trustee.

The scope of the risk committee shall be as per the SEBI (MF) regulation and the Master Circular issued by SEBI dated June 27, 2024 which lays down broad framework for Risk Management.

## II. The Asset Management Company

Wealth Company Asset Management Holdings Private Limited ("the AMC") is a Private Limited Company incorporated under the Companies Act, 2013, on December 11, 2017, having its registered office at Pantomath Nucleus House, Saki Vihar Road, Andheri East, Mumbai, Maharashtra 400072.

Wealth Company Asset Management Holdings Private Limited has been appointed as the Asset Management Company of The Wealth Company Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated March 04, 2025 and executed between Pantomath Capital Advisors Private Limited and Wealth Company Asset Management Holdings Private Limited.

The appointment of the AMC can be terminated by majority of the trustees or by seventy five percent of the unitholders of the scheme.

### Other Business undertaken by AMC

The wholly-owned subsidiary company of AMC is a SEBI registered Category II Alternative Investment Funds having registration number IN/AIF2/19-20/0690. In carrying out the said business, there is no conflict of Interest with the activities of the Mutual Fund.

## A. The share holding pattern of AMC:

## 1. Equity Shares

Name of Shareholder	PAN	No. of Shares	Amount (Rs.)	Percentage shareholding (upto two decimal)
Pantomath Capital Advisors Private Limited	AAHCP3551H	10,570	1,05,700	92.96
Madhu Lunawat	AXOPS3685G	1	10	0.00
Wealth Company Private Limited	AADCW7497H	800	8,000	7.03
<b>Total</b>		<b>11,371</b>	<b>1,13,710</b>	<b>100</b>

## 2. Preference Shares

Name of Shareholder	PAN	No. of Shares	Amount (Rs.)
Pantomath Capital Advisors Private Limited	AAHCP3551H	803	8030
<b>Total</b>		<b>803</b>	<b>8030</b>

## B. Details of AMC Directors:

Name	Age / Qualification	Brief experience
<b>Ms. Madhu Lunawat (Managing Director &amp; CEO)</b>	B. Com, CA Age: 42	<p>Madhu is also the Co-Founder of Pantomath Group, a business spanning Investment Banking, M&amp;A, Asset &amp; Wealth Management, Institutional Equity, and Distribution. Her vision has helped shape the financial landscape, driving SME growth, structuring landmark institutional deals, and executing record-breaking fundraises. Ms. Madhu Lunawat journey includes pivotal roles at Infosys, ASREC, and Edelweiss, where she served as CFO of Edelweiss ARC before taking the entrepreneurial leap.</p> <p>Today, her leadership at The Wealth Company is setting new benchmarks—proving that finance isn't just about numbers, but about vision, bold moves, and breaking barriers.</p> <p>Ms. Madhu Lunawat is also recognized for her astute investment picks and successful exits. Additionally, Ms. Lunawat holds the prestigious rank of Chartered Accountant and has achieved CFA Level II certification from the AIMR in the USA.</p>
<b>Mr. Hemant Bhargava (Independent)</b>	Postgraduate in Economics from Lucknow University  Age: 65	<p>Mr. Hemant Bhargava has over 38 years of experience in the Insurance and Finance industry, both in India and abroad. As the Country Head for LIC of India, Hemant played a pivotal role in establishing LIC of India's credit card company and setting up a separate vertical for micro-insurance.</p> <p>Additionally, as the Managing Director of LIC of India, Hemant oversaw the management of LIC of India's investment portfolio, which at that time had an approximate value of Rs 36 Lac crore.</p>
<b>Mr. Atul Ravishanker Joshi (Independent)</b>	B Com, BA (Econ), Chartered Accountant  Age: 57	<p>Mr. Atul Joshi, formerly the head of Fitch Ratings Group for five years, spearheaded market development initiatives. He introduced groundbreaking financial products, including the inaugural Road Annuity Securitization, Commercial Mortgage-Backed Securities</p>

		(CMBS), Special Asset Charge Securitization for Power Distribution companies, and Airport fee receivable securitization. Additionally, he championed stress tests for the banking sector, aligning them with Basel III regulations. Mr. Joshi served on the Sovereign Rating Committee and made significant contributions to the Municipal Bond Market committee under the Ministry of Urban Development (MoUD). Before his tenure at Fitch Ratings Group, he held leadership positions in the Financial Institutions Group and Debt Capital Markets Group at ING Vysya Bank. Notably, he served as the Parent Account Manager for India and actively participated in the global Financial Institution Credit Committee for India risk assessment.
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**c. Duties and Obligation of the AMC as specified by the SEBI (MF) Regulations**

1. The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of the SEBI (MF) Regulations and the Trust Deed.
2. The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
3. The AMC shall obtain, wherever required under the SEBI (MF) Regulations, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed.
4. The AMC shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the AMC.
5. The AMC shall submit to the trustees quarterly reports of each year on its activities and the compliance with SEBI (MF) Regulations.
6. The Trustees at the request of the AMC may terminate the assignment of the AMC at any time; provided that such termination shall become effective only after the Trustee has accepted the termination of assignment and communicated its decision in writing to the AMC.
7. Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of any liability to the Mutual Fund for its / their acts of commission or omissions, while holding such position or office.
8. The Chief Executive Officer (whatever his designation may be) of the AMC shall
  - ensure that the Mutual Fund complies with all the provisions of the SEBI (MF) Regulations and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the Mutual Fund.
  - ensure that the Asset Management Company has adequate systems in place to ensure that the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fifth Schedule of SEBI (MF) regulations are adhered to in letter and spirit. Any breach of the said Code of Conduct shall be brought to the attention of the Board of Directors of the Asset Management Company and Trustees.
9. The Fund Managers including Chief Investment Officer (whatever the designation may be) shall
  - ensure that the funds of the schemes are invested to achieve the objectives of the scheme(s) and in the interest of the unit holders.
  - abide by the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fifth Schedule of the SEBI (MF) Regulations and submit a quarterly self-certification to the Trustees that they have complied with the said code of conduct or list exceptions, if any.
10. The Dealers (whatever be the designation) shall
  - ensure that orders are executed on the best available terms, taking into account the relevant market at the time for transactions of the kind and size concerned to achieve the objectives of the scheme and in the best interest of all the unit holders.
  - abide by the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fifth Schedule of the SEBI (MF) Regulations and submit a quarterly self-certification to the Trustees that they have complied with the said code of conduct or list exceptions, if any.
11. The board of directors of the asset management company shall ensure that all the activities of the AMC are in accordance with the provisions of these SEBI (MF) Regulations.
12. The AMC shall not through any broker associated with the sponsor, purchase or sell securities, which is average of 5 per cent or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes. For the purpose of this, the aggregate purchase and sale of securities shall exclude the sale and distribution of units issued by the mutual fund. Further the aforesaid limit of 5 per cent shall apply for a block of any three months.
13. The AMC shall not purchase or sell securities through any broker (other than a broker referred to in clause above) which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes or as may be prescribed under SEBI (MF) Regulations unless the AMC has recorded in writing the justification for exceeding the limit of 5% or as may be prescribed under SEBI (MF) Regulations and reports of all such investments are sent to the Trustee on a quarterly basis. The aforesaid limit shall apply for a block of any three months or as may be prescribed under SEBI (MF) Regulations

14. The AMC shall not utilize the services of the Sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. However, the AMC may utilize such services if disclosure to that effect is made to the Unitholders and the brokerage or commission paid is also disclosed in the half yearly and annual accounts of the Mutual Fund. Further that the Mutual Fund shall disclose at the time of declaring half yearly and yearly results:
  - (i) any underwriting obligations undertaken by the schemes for the Mutual Fund with respect to issue of securities of associate companies;
  - (ii) devolvement, if any;
  - (iii) subscription by the schemes in the issues lead managed by associate companies;
  - (iv) subscription to any issue of equity or debt on private placement basis where the Sponsor or its associate companies have acted as arranger or manager.
15. The AMC shall file with the trustees the details of transactions in securities by the key personnel of the AMC in their own name or on behalf of the AMC and shall also report to SEBI, as and when required by SEBI.
16. In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustee at its next meeting.
17. In case any Company has invested more than 5 per cent of the Net Asset Value of a scheme or as may be prescribed under SEBI (MF) Regulations, the investment made by that scheme or by any other scheme in that Company or its subsidiaries shall be brought to the notice of the Trustee by the AMC and be disclosed of the in the half yearly and annual accounts respective schemes with justification for such investment. The said disclosure will be made provided the latter investment has been made within one year of the date of the former investment, calculated on either side.
18. The AMC shall file with the Trustee and the SEBI:-
  - detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment;
  - any change in the interest of directors every six months; and
  - a quarterly report to the Trustee giving details and adequate justification about the purchase and sale of the securities of the group companies of the Sponsor or the AMC as the case may be by the Mutual Fund during the said quarter
19. Each director of the AMC shall file with the Trustee details of his transactions or dealings in securities of such value on a quarterly basis in accordance with guidelines issued by the SEBI.
20. The AMC shall not appoint any person as key personnel who has been found guilty of moral turpitude or convicted of any economic offence or involved in violation of securities laws.
21. The AMC shall appoint registrars and share transfer agents who are registered with SEBI. If the work relating to the transfer of Units is processed in- house, the charge at competitive market rates may be debited to the scheme(s) and for rates higher than the competitive market rates, prior approval of the Trustee shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
22. The AMC shall abide by the Code of Conduct as specified in Part A of the Fifth schedule to SEBI (MF) Regulations.
23. The AMC shall invest such amounts in such schemes of the mutual fund, based on the risks associated with the schemes, as may be specified by SEBI from time to time.
24. The AMC shall not invest in any of its schemes unless full disclosure of its intention to invest has been made in the Scheme Information Document(s) (SID); Provided that the AMC shall not be entitled to charge any fees on its investment in that scheme(s);
25. The AMC shall not carry out its operations including trading desk, unit holder servicing and investment operations outside the territory of India.
26. The AMC shall compute and carry out valuation of investments made by the scheme(s) of the Mutual Fund in accordance with the investment valuation norms specified in Eighth Schedule of SEBI (MF) Regulations, and shall publish the same.
27. The AMC and the Sponsor shall be liable to compensate the affected investors and/or the scheme(s) for any unfair treatment to any investor as a result of inappropriate valuation.
28. The AMC shall report and disclose all the transactions in debt and money market securities, including inter scheme transfers, as may be specified by SEBI.
29. The board of directors of the asset management company shall exercise due diligence as follows:
  - a) The board of directors of the AMC shall ensure before the launch of any scheme that the asset management company has-
    - (i) systems in place for its back office, dealing room and accounting;
    - (ii) appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications and past experience in the securities market with the Trustees, within fifteen days of their appointment;
    - (iii) appointed auditors to audit its accounts;
    - (iv) appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by the Board or the Central Government and for redressal of investors grievances;
    - (v) appointed a registrar to an issue and share transfer agent registered under the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and laid down parameters for their supervision;
    - (vi) prepared a compliance manual and designed internal control mechanisms including internal audit systems;
    - (vii) specified norms for empanelment of brokers and marketing agents;
    - (viii) obtained, wherever required under these SEBI (MF) regulations, prior in principle approval from the recognized

- stock exchange(s) where units are proposed to be listed.
- b) The board of directors of the asset management company shall ensure that -
- (i) the AMC has been diligent in empaneling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with specific brokers;
  - (ii) the AMC has not given any undue or unfair advantage to any associate or dealt with any of the associate of the asset management company in any manner detrimental to interest of the unit holders;
  - (iii) the transactions entered into by the asset management company are in accordance with these SEBI (MF) regulations and the respective schemes;
  - (iv) the transactions of the mutual fund are in accordance with the provisions of the trust deed;
  - (v) the networth of the asset management company are reviewed on a quarterly basis to ensure compliance with the threshold provided in clause (f) of sub-regulation (1) of regulation 21 on a continuous basis;
  - (vi) all service contracts including custody arrangements of the assets and transfer agency of the securities are executed in the interest of the unit holders;
  - (vii) there is no conflict of interest between the manner of deployment of the networth of the asset management company and the interest of the unit holders;
  - (viii) the investor complaints received are periodically reviewed and redressed;
  - (ix) all service providers are holding appropriate registrations with the SEBI or with the concerned regulatory authority;
  - (x) any special developments in the mutual fund are immediately reported to the trustees;
  - (xi) there has been exercise of due diligence on the reports submitted by the asset management company
  - (xii) to the trustees;
  - (xiii) there has been exercise of due diligence on such matters as may be specified by the SEBI from time to time.
30. The compliance officer appointed under sub-clause (iv) of point 30(a) above) shall independently and immediately report to SEBI any non-compliance observed by him.
31. The AMC shall constitute a Unit Holder Protection Committee in the form and manner and with a mandate as may be specified by the SEBI.
32. The AMC shall be responsible for calculation of any income due to be paid to the mutual fund and also any income received in the mutual fund, for the unit holders of any scheme of the mutual fund, in accordance with the SEBI (MF) Regulations and the trust deed.
33. The AMC shall put in place an institutional mechanism, as may be specified by the Board, for the identification and deterrence of potential market abuse including front-running and fraudulent transactions in securities.
34. The Chief Executive Officer or Managing Director or such other person of equivalent or analogous rank and Chief Compliance Officer of the asset management company shall be responsible and accountable for implementation of such an institutional mechanism for deterrence of potential market abuse, including front- running and fraudulent transactions in securities.
35. The asset management company shall ensure that no change in the fundamental attributes of any scheme or the trust, fees and expenses payable or any other change which would modify the scheme and affect the interest of unit holders, shall be carried out unless,—
- (i) a written communication about the proposed change is sent to each unit holder and an advertisement is issued in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the mutual fund is situated; and
  - (ii) the unit holders are given an option to exit at the prevailing Net Asset Value without any exit load.
36. The board of directors of the trustee company and the board of directors of the asset management company, including any of their committees, shall meet at such frequency as may be specified by the Board from time to time. The asset management company shall establish, implement and maintain a documented whistle blower policy that shall —
- (i) provide for a confidential channel for employees, directors, trustees, and other stakeholders to raise concerns about suspected fraudulent, unfair or unethical practices, violations of regulatory or legal requirements or governance vulnerability, and
  - (ii) establish procedures to ensure adequate protection of the whistle blowers.
37. The AMC shall not act as a Trustee of any mutual fund and not undertake any business activities other than in the nature of management and advisory services provided to pooled assets including offshore funds, insurance funds, pension funds, provident funds, or Category I foreign portfolio investor as specified in Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, if any of such activities are not in conflict with the activities of the mutual fund. Provided that the AMC may itself or through its subsidiaries undertake any such activities, if it satisfies SEBI and ensures that the conditions as laid under the applicable regulations are met. Provided further that the AMC may, itself or through its subsidiaries, undertake portfolio management services and advisory services for other than broad based fund subject to complying with the additional conditions viz.
- (i) that the key personnel of the AMC, the systems, back office, bank and securities accounts are segregated activity wise and there exist systems to prohibit access to inside information of various activities;
  - (ii) that the capital adequacy requirements, if any, separately for each such activity are met and that separate approval, if necessary under the relevant regulations is obtained; and other directions, as may be specified by SEBI from time to time are adhered to.
38. The AMC may become a proprietary trading member for carrying out trades in the debt segment of a recognised stock exchange, on behalf of a mutual fund and may also become a self-clearing member of the recognised clearing corporations to clear and settle trades in the debt segment on behalf of its mutual fund schemes.
39. The AMC for each scheme shall keep and maintain proper books of account, records and documents, for each scheme

so as to explain its transactions and to disclose at any point of time the financial position of each scheme and in particular give a true and fair view of the state of affairs of the Fund and intimate to the SEBI the place where such books of account, records and documents are maintained. The AMC shall maintain and preserve for a period of eight years its books of account, records and documents.

40. The asset management company shall conduct stress testing for such schemes as specified by the Board and disclose the results of the stress testing in the form and manner, as may be specified by the SEBI.
41. The asset management company and the Sponsor shall ensure that its net worth is maintained as per the SEBI MF Regulation and in case of any shortfall therein, shall ensure that it is brought back to the level prescribed under the MF Regulation within the timelines prescribed by SEBI.
42. The board of directors of the asset management company, including any of their committees, shall meet at such frequency as may be prescribed in the SEBI (MF) Regulations.

#### D. Information on Key Personnel:

Name	Age	Designation	Education Qualification	Total No of Years of Experience	Nature of past experience including assignments held during the last 10 years
<b>Ms. Madhu Lunawat</b>	42	Managing Director & CEO	B.com & Chartered Accountant	20 +	Madhu is also the Co-Founder of Pantomath Group, a business spanning Investment Banking, M&A, Asset & Wealth Management, Institutional Equity, and Distribution. Her vision has helped shape the financial landscape, driving SME growth, structuring landmark institutional deals, and executing record-breaking fundraises. Ms. Madhu Lunawat journey includes pivotal roles at Infosys, ASREC, and Edelweiss, where she served as CFO of Edelweiss ARC before taking the entrepreneurial leap
<b>Mr. Prasanna Pathak</b>	47	Deputy CEO	B.Tech & MBA Finance	22	He has served as the Managing Partner at Wealth Company Asset Management Private Limited, a subsidiary of AMC. He has also worked with several other organizations, including Franklin Templeton, UTI MF, Taurus MF, India First Life Insurance Company Limited, and Hindustan Unilever Limited. He started his career as an analyst and gradually moved up as Asst. FM, Fund Manager, Head of Equities and CEO. Prior to joining this group, he was associated with Taurus Mutual Fund as the CEO
<b>Ms. Aparna Shanker</b>	58	CIO (Equity)	MBA – Finance	36	Ms. Aparna Shanker has over a decade of experience in fund management, primarily with SBI Funds Management. She has led key mandates including thematic funds, International mandates (Advisory & Discretionary) ESG PMS and multicap funds with consistently outperforming the benchmarks. She has also contributed to index design and represented the firm on the GIPS Committee for PMS.
<b>Mr. Umesh Sharma</b>	47	CIO – Fixed Income	CA. CS, CFA	25	Mr. Umesh Sharma has over two decades of experience, including the last 14 years at Franklin Templeton Mutual Fund.. Prior to Franklin Templeton, he has

					worked at Invesco Mutual Fund, ICICI Bank, JM Financial Mutual Fund and UTI Mutual Fund
<b>Mr. Varun Nanavati</b>	31	Fund Manager – Fixed Income	B.COM and CA	7	Credit rating of Large Corporate Group - Crisil Ratings Ltd (2022 - 2025) Credit rating of Large Corporate Group (EMEA) - Citi (2021 - 2022) Internal & Risk Audit - KPMG India (2018 - 2021)
<b>Mr. Bhalchandra Joshi</b>	59	Chief Operating Officer	MMS-Marketing	26	Mr. Bhalchandra Joshi has over 30 years of experience in the banking and financial services industry, with the last 10+ years in senior leadership roles across asset and wealth management institutions such as 360 ONE, WhiteOak Capital, and Nippon Life India AMC. He has overseen end-to-end operations, compliance frameworks, risk management, and service delivery for mutual funds, PMS, AIF, and offshore platforms. Mr. Joshi has actively contributed to the mutual fund industry's regulatory evolution as a key committee member of AMFI (2010–2020) and served as a Board Member of MF Utilities for 7 years. His leadership has been instrumental in aligning operational excellence with SEBI regulations and driving large-scale digital and customer experience transformations.
<b>Mr. Debashish Mohanty</b>	62	Chief Strategic Officer	MA & BA (Economics), PG in Securities Law	39	Mr. Debasish Mohanty has over 35 years of experience in the Indian financial sector, including senior leadership roles across asset management, index services, and pension fund governance. In the last 10 years, he has served as CEO of Airawat Indices Pvt Ltd, Advisor to L&T and HSBC Mutual Fund, and President & National Sales Head at UTI AMC. Currently, he serves as an Independent Director on the board of LIC Pension Funds Ltd (under PFRDA). Mr. Mohanty has been a member of key AMFI committees and is known for his strategic contributions to distribution, product innovation, and regulatory alignment in mutual fund operations.
<b>Mr. Vikrant Shinde</b>	46	Chief Risk Officer	B.Com,	19	Mr. Vikrant Shinde has over 19 years of experience in the broking industry with core expertise in RMS and operations. He has previously held key position at Religare Broking Ltd with expertise in Risk Management and Surveillance. He has been responsible for overseeing end-to-end operations and surveillance part.

<b>Mr. Sachin Shah</b>	48	Investor Relations Officer	B.Com, PGDBA in Finance	18	<p>Mr. Sachin Shah has over 18 years of experience in the mutual fund industry, primarily in Branch Operations and Customer Service. Most recently, he served at Whiteoak Capital Asset Management Ltd., overseeing centralized branch operations and driving process efficiency and service excellence.</p> <p>Mr. Sachin Shah has previously held key positions at ICICI Prudential AMC and Nippon India AMC, with expertise in brokerage operations, transaction processing, and investor servicing.</p>
<b>Mr. Vishal Samant</b>	45	Chief Technology Officer	Masters in Information Management	22	<p>Mr. Vishal Pramod Samant is a seasoned IT and digital transformation leader with nearly 20 years of experience, including over a decade in senior technology roles within the asset management industry. Most recently, he served as Head-IT &amp; CISO at Mirae Asset Investment Managers (India), where he led digital initiatives, automation, infrastructure modernization, and regulatory IT compliance. Prior to this, he held leadership roles at IDFC AMC and ICICI Prudential AMC, implementing key technologies such as investor portals, BI systems, chatbots, and cloud platforms. He has a proven track record in IT strategy, governance, information security, and business process transformation, contributing significantly to operational efficiency and customer experience in SEBI-regulated environments</p>
<b>Mr. Rouhak Shah</b>	39	Fund Manager	MBA - Finance, M.com, BMS	16	<p>Over 16 years of experience in the financial services sector as an Equity Trader at Motilal Oswal Mutual Fund, ICICI Prudential Life Insurance and Kotak Life Insurance.</p>
<b>Ms. Suruchi Wanare</b>		Compliance Officer	B.COM and MBA in Finance	34	<p>Ms. Suruchi brings with her an impressive 34 years of rich and diverse experience in the mutual fund industry. Prior to this, she was associated with UTI Mutual Fund for over three decades. During her tenure, she held various leadership roles across branch operations, fund accounting for domestic and offshore schemes, and regulatory compliance. Notably, she served as the Compliance Officer at UTI Mutual Fund, bringing deep insights and expertise in navigating the regulatory landscape.</p>
<b>Mr. Noel Vaz</b>	38	Equity	MBA	8	<p>Mr. Noel Vaz is MBA (Xavier</p>

		Research Analyst			Institute of Management, Bhubaneswar) with over 8 years of equity research experience, including more than 2 years on the buy side. He was an Analyst with Union Asset Management Co. Pvt. Ltd. Further, his prior roles include Analyst at Asian Market Securities Pvt. Ltd., Senior Analyst at Ashika Group – Institutional Research, Senior Research Associate at Evalueserve Pvt. Ltd. His expertise spans fundamental research, report writing, industry analysis, and financial database management, with sector experience in metals, mining, cement, power, telecom, auto, and aviation.
<b>Mr. Rahul Malani</b>	31	Equity Research Analyst	CA, CFA (US), B.COM	8	Mr. Rahul Narayan Malani is a Chartered Accountant and Chartered Financial Analyst (CFA, USA) with over 8 years of experience in Equity Research, Portfolio Management, and Banking. He was working as an Equity Research Analyst with Mirae Asset Sharekhan, He has previously managed proprietary and family portfolios, and held equity research roles with Emkay Global Financial Services, Evalueserve (for Morgan Stanley), and Trivikram Consultants, focusing on fundamental research, financial modelling, investment recommendations, and sector analysis.
<b>Mr. Vinod Jadhav</b>	51	Chief Information Security Officer	BA	25	Mr. Vinod Arjun Jadhav has over 25 years of IT experience, with the last 10 years in senior leadership positions across reputed financial institutions. He was serving as IT Head & CISO at Taurus Asset Management Co. Ltd. and has previously worked with Navi Technologies Pvt. Ltd. as Associate Manager – IT & CISO for Navi Mutual Fund, Essel Finance AMC as Manager – IT & CISO, and Peerless Funds Management Co. Ltd. as Assistant Manager – IT. His expertise includes managing IT infrastructure (on-premises and cloud), ensuring system and application uptime, implementing security and compliance measures as per SEBI/RBI/IRDAI guidelines, handling audits, overseeing BCP/DR drills, and maintaining investment dealing room compliance.
<b>Ms, Sejal Vaghela</b>	24	Research Analyst- Equity	Bachelor's in accounting & finance	4	Aradhya Hospitality Pvt Ltd - Operations & Accounts Executives Capital Market Publishers Pvt Ltd Customer Support Executive - Finance

					(Helping Client to extract useful & Accurate data using Capitaline Database)
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### E. Procedure and Recording of Investment Decisions:

All investment decisions, relating to the schemes, shall be undertaken by the AMC in accordance with the SEBI (MF) Regulations, the investment objectives specified in the Scheme Information Document ("SID") and the Investment Policy of the AMC. All investment decisions shall be recorded in terms of Point no 12.23 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 MFD/CIR/6/73/2000, dated July June 24, 2024.27, 2000 as amended from time to time. The Chief Executive Officer of the AMC shall inter-alia ensure that the investments made by the fund managers are in the interest of the Unit holders. The Fund Manager shall ensure that the funds of the scheme(s) are invested in line with the investment objective of the scheme(s) and in the interest of the Unit holders. A detailed report shall be made before taking any decision to invest in a Company/issuer for the first time. Individual scrip wise reasons shall be recorded by the Fund Manager at the time of placing individual orders.

The AMC has constituted an Investment Management Committee which would comprise of Key employees of AMC. The scheme shall be managed with a structured investment process which would involve categorically defined parameters which shall be approved by the Investment Management Committee. The Investment Management Committee would ensure the compliance of Investment Policy, scheme parameters and shall review the performance of the Scheme.

Performance of the schemes shall be periodically reviewed / monitored by the Boards of the AMC and the Trustee respectively. The said review shall be undertaken vis-à-vis their respective benchmark indices and mutual fund industry wide peer group. Corrective action can be recommended by the Board of AMC and Trustee in case of unsatisfactory performance

In terms of Point No 1.8 of SEBI Master Circular Dated June 27, 2024 SEBI Circular No. MFD/CIR/01/071/02 dated April 15, 2002, the AMC and Trustee may change the benchmark index or select an additional benchmark index after recording adequate justification for carrying out such change. However, change of benchmark index and/or selecting additional benchmark indices would be done in compliance of the relevant guidelines of SEBI, in this regard.

### III. Service Providers

<p><b><u>Custodian</u></b>  <b>Name: HDFC Bank Limited</b>  <b>Address: HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai 400 013</b>  <b>SEBI Registration No. – IN/CUS/001.</b></p> <p>The Trustee has appointed 'HDFC Bank Limited' as a Custodian to the Schemes of The Wealth Company Mutual Fund. The Custodian is SEBI approved Custodian. The Custodian shall hold the custody and possession of Securities and investments of the Fund and will discharge all the functions as are ordinarily discharged by a Custodian.</p> <p>The Trustee reserves the right to change the Custodian, if required. The Custodian would be entitled to remuneration for their services in accordance with the terms of the Custodian Agreements.</p>
<p><b><u>Registrar &amp; Transfer Agent ("Registrar"/ "RTA")</u></b>  Name: KFin Technologies Limited  SEBI Registration - INR000000221  Address – Selenium Building,  Tower-B, Plot No. 31 &amp; 32, Financial District, Nanakramguda,  Serilingampally, Hyderabad, R. R. District,  Telangana 500032</p> <p>The Board of the AMC and the Trustee have satisfied themselves that KFinTech has the adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to Unit holders within the time limit prescribed in the SEBI Regulations and has sufficient capacity to handle Investor complaints. As Registrars to the Schemes, KFinTech will handle communications with Investors, perform data entry services and dispatch account statements.</p>
<p><b><u>Statutory Auditor for The Wealth Company Mutual Fund</u></b>  S.R. Batliboi &amp; Co.LLP  Address: 12<sup>th</sup> Floor, The Ruby, 29 Senapati Bapat Marg, Dadar (West) , Mumbai-400028, India</p>
<p><b><u>Legal Counsel</u></b>  There are no retained legal counsels to the Mutual Fund or AMC. The AMC uses the services of appropriate legal counsel on a case-to-case basis.</p>
<p><b><u>Fund Accountant</u></b>  <b>Name: HDFC Bank Limited</b>  <b>Address: HDFC Bank House Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.</b></p>

**Collecting Bankers**

For collecting bankers for New Fund Offers (“NFO”), if any, investors may refer the Scheme Information Document of the relevant schemes of the Mutual Fund.

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

The AMC is in process of launching its Scheme(s), Hence the information required as below is Not Applicable.

Historical as per Unit Statistics	Scheme Name		
	2024-25	2023-24	2022-23
NAV at the beginning of the Year (as on April 1)	NA	NA	NA
Dividends*	NA	NA	NA
NAV at the end of the year (as on March 31)	NA	NA	NA
Annualized Return**	NA	NA	NA
Net Assets end of the period (INR Crs.)	NA	NA	NA
Ratio of recurring expenses to net assets	NA	NA	NA

\*Excluding dividend details of liquid scheme.

\*\* Only for growth option

**V. RISK FACTORS****1. Standard Risk****a. Standard Risk Factors for investments in Mutual Fund**

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down.
- Mutual Funds and securities investments are subject to market risks and there can be no assurance and no guarantee that the Scheme will achieve its objective.
- Past performance of the Schemes, the Sponsors or its Group / Affiliates / AMC / Mutual Fund does not guarantee the future performance of the scheme of the Mutual Fund.
- Investment in equity and equity related securities including option contracts involve high degree of risks and investors should not invest in the schemes unless they can afford to take the risk of losing their investment.
- The sponsors are not responsible or liable for any loss resulting from the operations of the scheme beyond the initial contribution of Rs. 1 lakh made by them towards setting up of the mutual fund.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme, its future prospects or the returns.
- Growth, appreciation, IDCW and income, if any, referred to in this Scheme Information Documentary subject to the tax laws and other fiscal enactments as they exist from time to time.
- The NAVs of the Scheme may be affected by changes in the general market conditions, factors and forces affecting capital market, in particular, level of interest rates, various market-related factors, trading volumes, settlement periods and transfer procedures.
- IDCW, if any are/will be subject to the availability of distributable surplus of the Scheme.

**b. Scheme Specific Risk Factors:**

Some of the specific risk factors related to the schemes include, but are not limited to the following:

**Risk factors associated with investing in Debt securities and Money Market Instruments**

The Scheme will invest in debt securities and money market instruments, which are subject to credit risk, interest rate risk, and settlement risk. Credit risk arises from the possibility that the issuer of a security may default on its payment obligations. Interest rate risk affects the valuation of money market instruments, while settlement risk may delay the realization of proceeds from the sale of these instruments.

- Credit Risk:** Bonds / debentures as well as other money market instruments issued by corporates run the risk of down grading by the rating agencies and even default as the worst case. Securities issued by Central/State governments have lesser to zero probability of credit / default risk in view of the sovereign status of the issuer.
- Interest - Rate Risk:** The Net Asset Value (NAV) of the Scheme, to the extent that it is invested in Debt and Money Market instruments, will be influenced by changes in general interest rates. A decrease in interest rates is expected to result in an increase in the NAV, while an increase in interest rates would adversely affect the NAV.
- Liquidity Risk:** While money market instruments are relatively liquid, they lack a well developed secondary market, which may limit the Scheme's ability to sell these instruments and could result in losses until the securities are eventually sold.
- Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.

- **Prepayment Risk:** Some fixed-income securities give the issuer the right to call back the securities before their maturity date, particularly in periods of declining interest rates. This prepayment risk may force the Scheme to reinvest the proceeds at lower yields, resulting in reduced interest income
- **Settlement Risk:** Different segments of the Indian financial markets have varying settlement periods, which may be extended due to unforeseen circumstances. Settlement delays could lead to periods where the Scheme's assets are uninvested, resulting in no returns. Additionally, the Scheme may miss certain investment opportunities if it is unable to make intended securities purchases due to settlement issues. Similarly, the inability to sell securities held in the Scheme's portfolio due to a lack of a well-developed and liquid secondary market for debt securities could result in potential losses if the value of these securities declines.
- **Risks associated with investment in unlisted securities:** Except for any security of an associate or group company, the scheme may 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 Scheme will realize their investments in unlisted securities at a fair value. The AMC may choose to invest in unlisted securities that offer attractive yields, which could increase the risk of the portfolio.
- **Price Risk:** Government securities where a fixed return is offered run price-risk like any other fixed income security. 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, days to maturity and the increase or decrease in the level of interest rates. The new level of interest rate is determined by the rates at which government raises new money and/or the price levels at which the market is already dealing in existing securities. The price-risk is not unique to Government Securities. It exists for all fixed income securities. However, Government Securities are unique in the sense that their local currency credit risk generally remains zero. Therefore, their prices are primarily influenced by movements in interest rates within the financial system.
- Different types of fixed income securities in which the Scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly, the Scheme(s) risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher level of risk than Government securities. Further even among corporate bonds, AAA rated bonds are comparatively less risky than AA rated bonds.
- As zero-coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates. Therefore, the interest rate risk of zero-coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.

#### c. Systematic Risk

The Scheme is exposed to systematic risks that affect the entire market, such as economic recessions, changes in interest rates, geopolitical tensions, and natural disasters. These risks cannot be mitigated through diversification, and any negative macroeconomic developments could impact the overall performance of the scheme.

#### d. Legal and Regulatory Risks

Changes in laws, regulations, or accounting standards governing the scheme's operations could have adverse implications for the scheme and its investors. Regulatory actions, legal disputes, or changes in taxation could also affect the scheme's performance, NAV, and the investors' returns.

#### e. Risks associated with Securities Lending

Engaging in securities lending is subject to risks related to fluctuations in collateral value and settlement / liquidity and counterparty risks. The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent securities and this can lead to temporary illiquidity.

#### f. Trading in debt and equity derivatives involves certain specific risks like:

- a. **Credit Risk:** This is the risk of default by the counter party. This is usually to the extent of difference between actual position and contracted position. This risk is substantially mitigated where derivative transactions happen through clearing corporation.
- b. **Market Risk:** Market movement may also adversely affect the pricing and settlement of derivative trades like cash trades.
- c. **Illiquidity Risk:** The risk that a derivative product may not be sold or purchased at a fair price due to lack of liquidity in the market.
- d. An exposure to derivatives can lead to losses. Success of dealing in derivatives depends on the ability of the Fund Manager to correctly assess the future market movement and in the event of incorrect assessment, if any, performance of the scheme could be lower.
- e. Interest Rate Swaps (IRSs) and Forward Rate Agreements (FRAs) do also have inherent credit and settlement risks. However, these risks are substantially less as they are limited to the interest stream and not the notional principal amount.
- f. Participating in derivatives is a highly specialized activity and entails greater than ordinary investment risks. Notwithstanding such derivatives being used for limited purpose of hedging and portfolio balancing, the overall market in these segments could be highly speculative due to action of other participants in the market.

- g. 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.
- h. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.
- g. The aggregate value of "illiquid securities" of the scheme, which are defined by SEBI as non traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.
- h. In the event of receipt of inordinately large number of redemption requests or a restructuring of the schemes' portfolio, there may be delays in the redemption of units.
- i. Different types of securities in which the scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly, the scheme's risk may increase or decrease depending upon its investment pattern. For e.g. Corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.
- j. the aggregate value of "illiquid securities" of the scheme, which are defined by SEBI as non- traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.
- k. In the event of receipt of inordinately large number of redemption requests or a restructuring of the schemes' portfolio, there may be delays in the redemption of units.
- l. Different types of securities in which the scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly, the scheme's risk may increase or decrease depending upon its investment pattern. For e.g. Corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.
- m. Risk factors of not maintaining average AUM of Rs. 20 crores on half yearly rolling basis (Applicable only for open ended debt oriented schemes):**  
As per paragraph 6.12 of the Master Circular, in the interest of investors it is important that debt oriented schemes have an adequate corpus to ensure adherence to the investment objectives and compliance with investment restrictions specified under SEBI (Mutual Funds) Regulations, 1996. Such Scheme(s) shall maintain an average AUM of Rs. 20 crores on half yearly rolling basis. In case, the average AUM falls below Rs. 20 crores, the AMC shall scale up the AUM of such Scheme within a period of six months so as to maintain the average AUM of Rs. 20 crore on half yearly rolling basis, failing which the provisions of Regulation 39 (2) (c) of SEBI (Mutual Funds) Regulations, 1996 would become applicable.
- n. Risk factors for swing pricing:** As per SEBI provision 4.10 of SEBI Master Circular on Mutual Funds dated June 27, 2024, Swing pricing framework is applicable to open ended debt mutual fund schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds). Swing Pricing refers to a process for adjusting a fund's net asset value (NAV) to effectively pass on the transaction costs stemming from net capital activity (i.e. flows into or out of a scheme) to the investor associated with that activity. This will ensure fairness of treatment of all investors i.e. whether entering, exiting or remain invested in the scheme, particularly during the market dislocation. When the Swing Framework is triggered and swing factor is made applicable, both the incoming (unit holders who submit purchase/switch-in requests) and outgoing investors (unit holders who submit redemption/switch out requests) shall get NAV adjusted swing factor.
- o. Risks Associated with Backstop Facility in Form of Investment in Corporate Debt Market Development Fund (CDMDF):** CDMDF is set up as a Trust registered as an Alternative Investment Fund ('AIF') in accordance with the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"). The objective of the CDMDF is to help develop the corporate debt market by providing backstop facility to in still confidence amongst the market participants in the corporate debt/bond market during times of market dislocation and to enhance the secondary market liquidity. In times of market dislocation, CDMDF shall purchase and hold eligible corporate debt securities from the participating investors (i.e., specified debt-oriented MF schemes to begin with) and sell as markets recover. The CDMDF will thus act as a key enabler for facilitating liquidity in the corporate debt market and to respond quickly in times of market dislocation. The trigger and period for which the backstop facility will be open shall be as decided by SEBI. Thus, this backstop facility will help fund managers of the aforementioned Schemes to better generate liquidity during market dislocation to help the schemes fulfill liquidity obligations under stress situation. In accordance with the requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund Schemes in units of Corporate Debt Market Development Fund, the aforementioned schemes shall invest 25 bps of its AUM as on December 31, 2022 in the units of the Corporate Debt Market Development Fund ('CDMDF'). An incremental contribution to CDMDF shall be made every six months to ensure 25 bps of scheme AUM is invested in units of CDMDF. However, if AUM decreases there shall be no return or redemption from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF. Investments in CDMDF units shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable Investment limits) and the calculations of Potential Risk Class (PRC) Matrix, Risk-o-

meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDF.

- p. Liquidity Risk Management (LRM) All open ended debt schemes (except Overnight Fund, Gilt Fund and Gilt Fund with 10-year constant duration) adopts the Liquidity Risk Management Framework (LRM) as mandated by SEBI and AMFI, which requires Scheme Portfolio to maintain certain portion of their investments in liquid assets. This portion as required to be kept, is ascertained basis the scheme's liability profile, i.e. investor profile. This framework seeks to estimate a likely quantum of redemption that the scheme is expected to face over the next 30 days and requires the scheme to maintain liquid assets to that extent as a minimum requirement. The Framework also enumerates corrective actions to be taken in the event of any shortfall owing to higher redemption than estimated. The Investment Manager also have in place an Asset Liability Mismatch (ALM) Framework which monitors similar aspects for a longer tenure of 90 days and ensures that schemes assets are always adequate to cater to liabilities. Investors may note that the minimum investment made by the schemes pursuant to the circular / regulation in compliance with Liquidity Risk Management framework (LRM) circular mandated by the SEBI may not perform in line with other investments and the investment objective of the schemes and the AMC will not have the option to alter the said investments.

**q. Risks associated with different derivative strategies**

AMC may use various derivative instruments, from time to time, in an attempt to protect or hedge the portfolio values.

- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investors. 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 involved 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.
- Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative add to the portfolio and the ability to forecast price of securities being hedged and interest rate movements correctly. There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counterparty") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- The risks associated with the use of derivatives are different from or possibly greater than the risks associated with investing directly in securities and other traditional investments.
- The schemes may invest in floating rate instruments and / or interest rate derivatives. The duration of these instruments is linked to the interest rate reset period. The interest rate risk in a floating rate instrument or in a fixed rate instrument hedged with derivatives is likely to be less than that in an equivalent maturity fixed rate instrument. Under some market circumstances the volatility may be of an order greater than what may ordinarily be expected considering only its duration. Hence investors are recommended to consider the unadjusted portfolio maturity of the scheme as well and exercise adequate due diligence when deciding to make their investments
- The Scheme may face execution risk, whereby the rates seen on the screen may not be the rate at which the ultimate execution of the derivative transaction takes place.
- The Scheme may find it difficult or impossible to execute derivative transactions in certain circumstances. For example, when there are insufficient bids or suspension of trading due to price limit or circuit breakers, the Scheme may face a liquidity issue.
- Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks.
- The Scheme bears a risk that it may not be able to correctly forecast future market trends or the value of assets, indices or other financial or economic factors in establishing derivative positions for the Scheme.
- There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. The counter party may default on a transaction before settlement and therefore, the Scheme is compelled to negotiate with another counterparty at the then prevailing (possibly unfavorable) market price.
- The risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and the potential high volatility of the futures markets.
- Where derivatives are used for hedging, such use may involve a basis risk where the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risk may be interrelated also e.g., interest rate movements can affect equity prices, which could influence specific issuer/industry assets.
- Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Risks specific to certain derivative strategies are highlighted below:

(i) Risk Factors of SWAP

Risks associated with Swaps:

Interest rate risk is significant because interest rates do not always move as expected. Both parties have interest rate risk. The holder of the fixed rate risks the floating interest rate going higher, thereby losing interest that it would have otherwise received. The holder of the floating rate risks interest rates going lower, which results in a loss of cash flow since the fixed rate holder still has to make streams of payments to the counterparty.

The other main risk associated with swaps is counterparty risk. This is the risk that the counterparty to a swap will default and be unable to meet its obligations under the terms of the swap agreement. If the holder of the floating rate is unable to make payments under the swap agreement, the holder of the fixed rate has credit exposure to changes in the interest rate agreement. This is the risk the holder of the fixed rate was seeking to avoid.

Risks associated with Forward Rate Contracts:

When entering into an FRA, both parties to the contract entail credit risk exposure. The additional risks could be on account of lack of opportunity, illiquidity.

(ii) Interest Rate Futures (IRF):

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

Risk of Writing of Call Option Under a Cover Call Strategy:

Under a delivery settlement a call writer will have to part with the physical holding of security which was originally intended for long-term holding.

**Other Scheme specific risks factors**

- a. Investors may note that AMC/Fund Manager's investment decisions may not always be profitable, even though it is intended to generate capital appreciation and maximize the returns by actively investing in equity/ equity related securities.
- b. The value of the investments in the scheme, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the NAV of the Units of the Scheme may fluctuate and can go up or down.
- c. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the equity and equity related investments made by the Scheme which could cause the scheme to miss certain investment opportunities. Different segments of the financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The inability of the Scheme to make intended securities purchases due to settlement problems could also cause the Scheme to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the scheme's portfolio due to the absence of a well developed and liquid secondary market for debt securities would result, at times, in potential losses to the Scheme, in case of a subsequent decline in the value of securities held in the scheme's portfolio.
- d. Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. Within the regulatory limits, the AMC may have chosen to invest in unlisted securities as permitted for investment by the scheme. Listed securities which may become unlisted in future may increase the risk in the portfolio.
- e. The Scheme may use various derivative products as permitted by the Regulations. Use of derivatives requires an understanding of not only the underlying instrument but also of the derivative itself. Other risks include the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Usage of derivatives will expose the Scheme to certain risks inherent to such derivatives.
- f. The Scheme may also invest in ADRs / GDRs as permitted by Reserve Bank of India and Securities and Exchange Board of India. To the extent that some part of the assets of the scheme may be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by the changes in the value of certain foreign currencies relative to the Indian Rupee.

The repatriation of capital also may be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

- g. The scheme intends to deploy funds in money market instruments to maintain liquidity. To the extent that some assets/funds are deployed in money market instruments, the scheme will be subject to credit risk as well as settlement risk, which might affect the liquidity of the scheme

**Risks associated with investment in units of mutual fund:**

Investment in Mutual Fund Units involves investment risks, including but not limited to risks such as liquidity risk, volatility risk, default risk including the possible loss of principal.

**Liquidity risk** – The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the Trustees may limit redemptions (including suspending redemptions) under certain circumstances as specified under the Scheme Information Document.

**Volatility risks:** There is the risk of volatility in markets due to external factors like liquidity flows, changes in the business environment, economic policy etc. The scheme will manage volatility risk through diversification across companies and sectors within PSUs.

**Default risk** - Credit risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit risk while other debt instruments are rated according to the issuer's ability to meet the obligations.

**Risks associated with investing in ETFs:**

ETFs are passively managed and may be affected by a general decline in the Indian markets relating to its Underlying Index. ETFs invests in the securities included in its Underlying Index regardless of their investment merit. The AMC does not attempt to individually select stocks or to take defensive positions in declining markets.

ETFs are listed on a stock exchange/s, however, there can be no assurance that an active secondary market will develop or be maintained.

Investment in ETFs is subject to tracking error. Factors such as the fees and expenses of the Scheme, corporate actions, cash balance, changes to the Underlying Index and regulatory policies may affect the AMC's ability to achieve close correlation with the Underlying Index of the Scheme. The AMC will endeavour to constantly minimize the tracking error and track the index as closely as possible.

**Risk factors of repo market**

- a. **Illiquidity Risk** The repo market for corporate debt securities is over the counter (OTC) and illiquid. Hence, repo obligations cannot be easily sold to other parties. Therefore, to mitigate such risks, it has been stipulated that gross exposure to Repo in corporate bonds would be limited to 10% of net assets of the concerned scheme. Further, the tenor of repo would be taken based on nature and unit holders' pattern of the scheme.
- b. **Counter-party Risk** Credit risk would arise if the counter-party fails to repurchase the security as contracted or if counterparty fails to return the security or interest received on due date. To mitigate such risks, the schemes shall carry out repo transactions with only those counter parties, which has a credit rating of 'A1+' or 'AA- and above'. In case of lending of funds as a repo buyer, minimum haircuts on the value of the collateral security have been stipulated, and we would receive the collateral security in the scheme's account before the money is lent to the counter-party. Overall, we would have a limited number of counter-parties, primarily comprising of Mutual Funds, Scheduled Commercial banks, Financial Institutions and Primary dealers. Similarly, in the event of the scheme being unable to pay back the money to the counter party as contracted, the counter-party may hurriedly dispose of the assets (as they have sufficient margin) and the net proceeds may be refunded to the Scheme. Thus, the Scheme may suffer losses in such cases. Sufficient funds flow management systems are in place to mitigate such risks.
- c. **Collateral Risk** (as a repo buyer) Collateral risks arise due to fall in the value of the security (change in credit rating and/or interest rates) against which the money has been lent under the repo arrangement. To mitigate such risks, we have stipulated the minimum credit rating of the issuer of collateral security ('AA' for long-term instruments /A1+ for money market instruments), maximum duration of the collateral security (10 years) and minimum haircuts on the value of the security.

**Risk factors associated with investments in REITs and InvITs –**

The REITs & InvITs distributions will be based on the Net Distributable Cash Flows available for distribution, and not on whether the REITs & InvITs makes an accounting profit or loss. The amount of cash available for distribution principally depends upon the amount of cash that the REIT/InvIT receives as dividends or the interest and principal payments from portfolio assets. The cash flows generated by portfolio assets from operations may fluctuate based on, among other things

- Economic cycles and risks inherent in the business which may negatively impact valuations, returns and profitability of portfolio assets
- Force majeure events related such as earthquakes, floods etc. rendering the portfolio assets inoperable
- Debt service requirements and other liabilities of the portfolio assets
- Fluctuations in the working capital needs of the portfolio assets
- Ability of portfolio assets to borrow funds and access capital markets
- Changes in applicable laws and regulations, which may restrict the payment of dividends by portfolio assets
- Amount and timing of capital expenditures on portfolio assets
- Insurance policies may not provide adequate protection against various risks associated with operations of the REIT/InvIT such as fire, natural disasters, accidents

## OPERATIONAL AND RESIDUAL RISKS

- REIT & InvITs Assets are subject to various risks that we may not be insured against, adequately or at all, including:
  - (i) Changes in governmental and regulatory policies;
  - (ii) Shortages of, or adverse price movement for, materials, equipment and plants;
  - (iii) Design and engineering defects;
  - (iv) Breakdown, failure or substandard performance of the underlying assets and other equipments;
  - (v) Improper installation or operation of the underlying assets and other equipment;
  - (vi) Terrorism and acts of war;
  - (vii) Inclement weather and natural disasters;
  - (viii) Environmental hazards, including earthquakes, flooding, tsunamis and landslide •
    - Any additional debt financing or issuance of additional Units may have a material, adverse effect on the REITs & InvITs distributions.
    - Any future issuance of Units by REITs & InvITs or sales of Units by the Sponsor or any of other significant Unitholders may materially and adversely affect the trading price of the Units.
    - The Valuation Report, and any underlying reports, and the valuation contained therein may not be indicative of the true value of the Project SPVs' assets.
    - Risk related to business or industry sector.
    - There can be no assurance that REITs & InvITs will be able to successfully undertake future acquisitions.

### Market Risk:

REITs and InvITs are volatile and prone to price fluctuations on a daily basis owing to market movements. AMC/Fund Manager's investment decisions may not always be profitable, as actual market movements may be at variance with the anticipated trends. NAV of the Scheme is vulnerable to movements in the prices of securities invested by the scheme, due to various market related factors like changes in the general market conditions, factors and forces affecting capital market, level of interest rates, trading volumes, settlement periods and transfer procedures.

### Liquidity Risk:

As the liquidity of the investments made by the scheme(s) could, at times, be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk. The subsequent valuation of illiquid units may reflect a discount from the market price of comparable securities for which a liquid market exists.

### Reinvestment Risk:

Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns.

### Price-Risk or Interest-Rate Risk:

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

### Credit Risk:

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

## 2. RISK MITIGATION STRATEGIES

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

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

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

Risk & Description specific to the Schemse	Risk mitigants / management strategy
<b>Market risk</b> Risk arising due to vulnerability to price fluctuations and volatility, having material impact on the overall returns of the scheme	Endeavour to have a well diversified portfolio of good companies with the ability to use cash/derivatives for hedging

<b>Derivatives risk</b> Various inherent risks arising as a consequence of investing in derivatives.	Continuous monitoring of the derivatives positions and strictly adheres to the regulations and internal norms. Exposure with respect to derivatives shall be in line with regulatory limits and the limits specified in the SID
<b>Credit risk</b> Risk associated with repayment of investment Performance risk Risk arising due to change in factors affecting the market	Investment universe carefully selected to only include issuers with high credit quality Understand the working of the markets and respond effectively to market movements
<b>Concentration risk</b> Risk arising due to over exposure in few securities	Invest across the spectrum of issuers and keeping flexibility to invest across tenor
<b>Liquidity risk</b> Risk arising due to inefficient Asset Liability Management, resulting in high impact costs	Control portfolio liquidity at portfolio construction stage. Having optimum mix of cash & cash equivalents along with the debt papers in the portfolio
<b>Interest rate risk</b> Price volatility due to movement in interest rates	Control the portfolio duration and periodically evaluate the portfolio structure with respect to existing interest rate scenario
<b>Event risk</b> Price risk due to company or sector specific event	Understand businesses to respond effectively and speedily to events. Usage of derivatives: Hedge portfolios, if required, in case of predictable events with uncertain outcomes

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 scheme may use various derivative products as permitted by the Regulations. Participating in derivatives is a highly specialized activity and entails greater than ordinary investment risks. Primarily, derivatives including Interest Rate Futures would be used for purpose of hedging and portfolio balancing.

The AMC has necessary framework in place for risk mitigation at an enterprise level. The Risk Management division is an independent division within the organization. Risk indicators & internal limits are defined and judiciously monitored on a regular basis. There is a Board level Committee, the Risk Management Committee of the Board, which enables a dedicated focus on risk factors and the relevant risk mitigation measures.

Exposure limits as per provision no. 12.24.1 and 12.25.1 to 12.25.7 of para 12.24 and 12.25 under Chapter 12 of SEBI Master Circular for Mutual Funds:

- a. The cumulative gross exposure through equity, debt, derivative positions (including commodity and fixed income derivatives), repo transactions and credit default swaps in corporate debt securities, Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs), and such other securities/assets as may be permitted by the SEBI from time to time should not exceed 100% of the net assets of the scheme:
- b. Mutual Funds shall not write options or purchase instruments with embedded written options.
- c. The total exposure related to option premium paid must not exceed 20% of the net assets of the scheme.
- d. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
- e. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:-
  - (i) Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
  - (ii) 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 a.
  - (iii) Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
  - (iv) 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.
- f. Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.
- g. 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 a.

### 3. Special Considerations

- (i) Prospective investors should review/study SAI along with SID carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial/investment matters and are advised to consult their own professional advisor(s) as to the legal or any other requirements or restrictions relating to the subscriptions, gifting, acquisition, holding, disposal (sale, transfer, switch or redemption or conversion into money) of units and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalization, disposal (sale, transfer, switch or redemption or conversion into money) of units within their jurisdiction/nationality, residence, domicile etc. or under the laws of any jurisdiction to which they or any managed Funds to be used to purchase/gift units are subject, and also to determine possible legal, tax, financial or other consequences of subscribing/gifting to, purchasing or holding units before making an application for units.

Neither the SID and SAI, nor the units have been registered in any jurisdiction outside of India, including the United States of

America nor in any provincial/ territorial jurisdiction in Canada.. The distribution of the SID/SAI in certain jurisdictions may be restricted or subject to registration and accordingly, any person who gets possession of the SID/SAI is required to inform themselves about, and to observe, any such restrictions. It is the responsibility of any persons in possession of the SID/SAI and any persons wishing to apply for units pursuant to SID/SAI to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction. Any changes in SEBI/RBI regulations and other applicable laws/regulations could have an effect on such investments and valuation thereof.

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

- (ii) The Wealth Company Mutual Fund/AMC has not authorized any person to give any information or make any representations, either oral or written, not stated in the SID/SAI in connection with issue of units under the Scheme. Prospective investors are advised not to rely upon any information or representations not incorporated in the SAI and SID as the same have not been authorized by the Fund or the AMC . The investor is requested to check the credentials of the individual, firm or other entity he/she is entrusting his/her application form and payment to, for any transaction with the Fund. The Fund shall not be responsible for any incorrect information or misrepresentation done by the intermediaries representing or purportedly representing such investors.

- (iii) Termination of the scheme The Trustees reserve the right to terminate the schemes at any time. Regulation 39(2) of the SEBI Regulations provides that any scheme of a mutual fund is to be wound up. (a) on the happening of any event which, in the opinion of the Trustees, requires the scheme to be wound up; or (b) if 75% of the Unit holders of a scheme pass a resolution that the scheme be wound up; or (c) if SEBI so directs in the interest of the unit holders. Where a scheme is wound up under the above Regulation, the trustees shall give notice within one day, disclosing the circumstances leading to the winding up of the scheme,; (a) to SEBI; and (b) in two daily newspapers having circulation all over India & a vernacular newspaper circulating at the place where the mutual fund is formed.

Provided that where a scheme is to be wound up under clause (a) of sub-regulation (2), the trustees shall obtain consent of the unit holders participating in the voting by simple majority on the basis of one vote per unit and publish the results of voting within forty five days from the publication of notice under sub-regulation (3) of regulation 39. Provided further that in case the trustees fail to obtain the required consent of the unitholders under clause (a) of sub-regulation (2), the schemes shall be reopened for business activities from the second business day after publication of results of the voting

In case of termination of the scheme, Regulation 41 of the SEBI (Mutual Funds) Regulations, 1996 shall apply.

- (i) The Trustees, AMC, Fund, their directors or their employees shall not be liable for any tax consequences that may arise in the event that the scheme is wound up for the reasons and in the manner provided under the SID & SAI.
- (ii) Redemption by the Unit Holder due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, AMC, Fund, their directors or their employees shall not be liable for any tax consequences that may arise
- (iv) Any subscription, purchase or sale made by any person on the basis of statements or representations which are not contained in SID/SAI or which are inconsistent with the information contained herein shall be solely at the risk of the investor.
- (v) The tax information contained in respective SID/SAI alone may not be sufficient and should not be used for the development or implementation of an investment strategy or construed as investment advice. Investors alone shall be fully responsible/ liable for any investment decision taken on the basis of SAI/SID of respective Schemes. Neither the Mutual Fund nor the AMC nor any person connected with it accepts any liability arising from the use of this information.
- (vi) If the units are held by any person in breach of the Regulations, law or requirements of any governmental, statutory authority including, without limitation, Exchange Control Regulations, the Fund may mandatorily redeem all the units of any Unit holder where the units are held by a Unit holder in breach of the same. The Trustee may further mandatorily redeem units of any Unit holder in the event it is found that the Unit holder has submitted information either in the application or otherwise that is false, misleading or incomplete.
- (vii) In terms of the Prevention of Money Laundering Act, 2002 ("PMLA") the rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering (AML) Laws, all intermediaries, including mutual funds, are required to formulate and implement a client identification program, and to verify and maintain the record of identity and address(es) of investors.
- (viii) Any dispute arising out of the Scheme shall be subject to the non-exclusive jurisdiction of the Courts in India. Statements in this SAI are, except where otherwise stated, based on the law practiced currently in India, and are subject to changes therein.
- (ix) Purchase/ Redemption of units of scheme through Stock Exchange Infrastructure Units of the scheme shall be available for subscription / purchase through stock exchange platform(s) made available by Registered Stock exchange. Under this facility, trading member can facilitate eligible investors (i.e. Resident Individuals, HUF, resident minors represented by guardian and Body corporate or such other class of eligible investors) to purchase / subscribe to units of the scheme using their existing network and order collection mechanism as provided by respective stock exchange. Investors availing of this facility shall be allotted units in accordance with the SEBI guidelines issued from time to time and the records of the Depository Participant shall be considered as final for such unitholders. The transactions carried out on the above platform shall be subject to such

guidelines as may be issued by the respective stock exchanges and also SEBI (Mutual Funds) Regulations, 1996 and circulars / guidelines issued thereunder from time to time.

- (x) Suspension of re-purchase and restriction on redemption of units: Subject to the approval of the Boards of the AMC and the Trustee and subject to necessary prior communication to SEBI, determination of NAV of the units under any scheme of the Mutual Fund may be temporarily suspended, leading to consequent suspension of purchase of units, in any of the following events: a) When one or more stock exchanges or markets, which provide the basis for valuation for a substantial portion of the assets of the schemes, is/are closed, otherwise than for ordinary holidays. b) When, as a result of political, economic or monetary events or any circumstance outside the control of the trustee and the AMC, disposal of the assets of the schemes is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the unit holders. c) In the event of a breakdown in the means of communication used for the valuation of investments of the schemes, without which the value of the securities of the schemes cannot be accurately arrived at. d) During periods of extreme volatility of markets, which in the opinion of the AMC, are prejudicial to the interests of the unit holders. e) In the case of natural calamities, pandemic, strikes, riots, bandhs etc. f) In the event of any force majeure or disaster that affects the normal functioning of the AMC or the Registrar or If the Trustees are of the opinion that the suitable investment opportunities are not available for deployment of funds. g) If so directed by SEBI.
- (xi) RESTRICTION ON REDEMPTION OF UNITS: Restriction in redemption of units may be imposed in accordance with the regulatory dispensation from time to time including SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 for Mutual Funds as under: (i) Restriction may be imposed on redemption of units when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as: (a) Liquidity issues - when market at large becomes illiquid affecting almost all securities rather than any issuer specific security. the AMC shall have in place sound internal liquidity management tools for schemes. Restriction on redemption will not be used as an ordinary tool in order to manage the liquidity of a scheme. Further, restriction on redemption due to illiquidity of a specific security in the portfolio of a scheme due to a poor investment decision, will not be done. (b) Market failures, exchange closures - when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies. (c) Operational issues – when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out). Such cases which are reasonably unpredictable and occur in spite of appropriate diligence of third parties, adequate and effective disaster recovery procedures and systems. (ii) Restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period. (iii) Any imposition of restriction would be with the specific approval of Board of AMCs and Trustees and the same will be informed to SEBI immediately. (iv) When restriction on redemption is imposed, the following procedure shall be applied: (a) No redemption requests upto INR 2 lakh shall be subject to such restriction. (b) Where redemption requests are above INR 2 lakh, AMCs shall redeem the first INR 2 lakh without such restriction and remaining part over and above INR 2 lakh shall be subject to such restriction. The information/requirements provided in this Item/Section may undergo modifications due to changes in regulatory dispensation
- (xii) Subject to the SEBI (MF) Regulations, funds managed by the AMC/associates of the Sponsors may invest either directly or indirectly in the Scheme and may acquire a substantial portion of the Scheme Units and collectively constitute a majority investor in the Scheme. Accordingly, redemption of Units held by such funds may have an adverse impact on the value of the Units of the Scheme because of the timing of any such redemption and may impact the ability of other Unit Holders to redeem their respective Units.
- (xiii) The Mutual Fund may disclose details of the investor's account and transactions there under to those intermediaries whose stamp appears on the application form. In addition, the Mutual Fund may disclose such details to the bankers / its agents, as may be necessary for the purpose of effecting payments to the investor. Further, the Mutual Fund may disclose details of the investor's account and transactions thereunder to any Regulatory/Statutory entities as per the provisions of law.
- (xiv) Investors/Prospective Investors are urged to read/study Scheme Information Document ('SID') and Statement of Additional Information ('SAI') carefully in its entirety and should not construe the contents hereof as advise relating to legal, taxation, financial, investment or any other matters. In view of the individual nature of investment portfolio and its consequences, each Unitholder is advised to consult his/her own professional advisor concerning possible consequences of purchasing, holding, selling, converting or otherwise disposing of the Units under the laws of his/her State/country of incorporation, establishment, citizenship, residence or domicile.

## VI. HOW TO APPLY

**This section must be read in conjunction with the section 'Units and Offer' of the SID of the respective Scheme(s) of the Fund**

Investors can obtain the application forms along with the Key Information Memorandum (KIM) and copies of this SAI and respective Scheme Information Documents (SIDs) from the website of the AMC [www.wealthcompanyamc.in](http://www.wealthcompanyamc.in). Application Forms can also be collected and submitted at any Official Points of Acceptance (OPA) of The Wealth Company Mutual Fund (the "Fund") i.e the designated Investor Service Centres of the AMC and KFINTECH.

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

Investors should mandatorily use the Application Forms, Transactions Request, SIP/STP/SWP forms and other standard forms for any financial/non-financial transactions. Any transactions received in any non-standard forms are liable to be rejected subject to terms and conditions of the standard forms and scheme related documents. Investor using application form/ transaction request for financial/ non- financial transactions not provided by the Fund shall declare that they have read and understood the contents of the Scheme Information Document and Statement of Additional Information, Key Information Memorandum, instructions and addenda issued by The Wealth Company Mutual Fund from time to time.

As per the SEBI guidelines, in respect of New Fund offers (NFO), investors will also have an option to make an application / payment under the Applications Supported by Blocked Amount (ASBA) facility. This facility is available to all investors eligible to invest in the schemes of the Mutual Fund. The applications under ASBA facility will be subject to the directives issued by SEBI from time to time. Please refer to the paragraph "Facility of Applications Supported by Blocked Amount ("ASBA") as an additional mode of payment" below for further details on this facility.

Investors are requested to note that no transaction shall be accepted on a day which is a public holiday or non-business days or local holiday at an Investor Service Centre/ Official Points of Acceptance of Transaction.

### Requirements/Procedure for Transacting with us

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

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

In case of physical applications, investors should provide details/instructions only in the space provided in the relevant form in Block Letters and in English language. Any correction or change made in the Application Form should be countersigned by the investor(s). Further, any

details/noting/information/instruction provided at a non-designated area of the standard form being used, or any additional details for which space is not designated in the standard form, may not be executed by the AMC. If the details are not mentioned clearly or in capital case, the AMC will endeavour to capture client and transaction details on a best effort basis and will not be liable towards data entry errors due to illegible or unclear handwriting. Hence, investors should check all details as mentioned in the Account Statement or request for details of Statement of Account. Facility of requesting for account statement(s) is available on [www.wealthcompanyamc.in](http://www.wealthcompanyamc.in)

Existing investor(s) should ensure that there is no clubbing of transaction requests for financial and non- financial instructions (update any profile information like contact details, nomination etc) and separate request in standard forms be submitted for updation of all non-financial instructions. In case, any such request is received, then AMC reserves

the right to ignore the non-financial information without any intimation and execute the financial transaction request subject to all applicable validations.

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

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

Irrespective of the mode of submission, all application(s) should contain the primary account holder's own e-mail ID and mobile number for speed and ease of communication in a convenient manner and to help prevent fraudulent transactions. In case contact details of a family member are provided, investor(s) need to give a declaration to this effect. "Family" for this purpose would mean Spouse, Dependent Children, Dependent Parents, Dependant Siblings and Guardian in case of a minor. Option to indicate if the

contact information belongs to PMS, Custodian and Power of Attorney has also been provided. Where the email id, mobile number are not provided or where provided but the same is found to be invalid or seems to be not pertaining to the investor or any of the immediate family member or is of an advisor or any other agency, then AMC/ RTA reserves the right to remove the email id, mobile number without any notice. Alternatively, the AMC reserves the right to update email id, mobile number from KYC records of SEBI designated KYC Registration Authority (KRA).

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

#### **Investor Authentication**

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

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

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

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

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

#### **KYC Requirements:**

KYC (Know Your Customer) norms are mandatory for ALL investors (including existing investors and joint holders), who wish to make investments in Mutual Funds, irrespective of the amount of investment. Investments where KYC is not completed, is liable to be rejected.

#### **KYC shall also be mandatory for:**

- Constituted Power of Attorney (PoA) holder(s), in case of investments through PoA.
- each of the applicants, in case of application in joint names.
- Guardian investing on behalf of minor
- if an individual becomes an investor due to an operation of law, e.g., transmission of units upon death of an investor, the claimant / person(s) entering the Register of unit holders of the Fund will be required to KYC compliant before such transfer takes place.
- Non-Individual Investors
- In case of non-individuals, each Ultimate Beneficial Owner (UBO) must be KYC compliant.

Existing KYC compliant investors of the Fund need not undergo the same process again with the Fund, subject to validation of KYC compliance status. However, the Fund/AMC reserves the right to carry out new KYC of the investor at its discretion. All the prospective and existing investors / Unit holders of the Fund are requested to note that, pursuant to SEBI Master Circular on Know

Your Client (KYC) norms for the securities market dated October 12, 2023 regarding uniformity in KYC process in the securities market and development of a mechanism for centralization of the KYC records. Accordingly, Central Registry of Securitisation and Asset Reconstruction and Security interest of India ('CERSAI') has been authorised by Government of India to act as Central KYC Records Registry under Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 ('PMLA Rules') and SEBI has mandated that the Mutual Fund / AMC should capture KYC information for sharing with Central KYC Records Registry (CKYCR) as per the KYC template prescribed by CERSAI. Details of investors shall be uploaded on the system of CKYCR and a 14-digit unique KYC identifier ("KIN") will be generated. Investors, who have already completed CKYC process & have obtained KIN should quote their KIN in the application form(s).

Know your Customer (KYC) Procedure:

**Requirement of PAN:**

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

The registered intermediaries shall verify the PAN of their clients online at the Income Tax website. Permanent Account Number (PAN) is mandatory for all the purchases/additional purchases irrespective of the amount of investments for all the existing and prospective investors (including NRIs) including joint holders and guardians in case of investments by Minors.

**The following are exempted from the mandatory requirement of PAN:**

- Transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc. (under the category of Government) for transacting in the securities market.
- Residents of the State of Sikkim are also exempt from the requirement of PAN for investing in mutual funds, subject to submission of proof of address evidencing their status as a Sikkim resident and fulfilment of KYC documentation requirements as prescribed by SEBI/AMFI.
- UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India.
- Micro Investments upto Rs.50,000/- per year per investor (Refer section on Micro Investment for complete details).

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

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

**Methods for completing KYC process:**

Physical KYC process:

To bring uniformity in KYC process, SEBI has introduced a common KYC application form for all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes etc. All the new investors are therefore requested to use the Common KYC application form to apply for KYC and mandatorily undergo - In Person Verification (IPV) requirements with SEBI registered intermediaries including Mutual Funds. For Common KYC Application Form please visit our website [www.wealthcompanyamc.in](http://www.wealthcompanyamc.in)

The AMC shall perform the initial KYC of its new investors and upload the details of the investors on the system of the KYC Registration Agency (KRA). Registrar and Transfer Agent (RTA) of the Fund may also undertake the KYC of the investors on behalf of the AMC. Further, the government has introduced Central KYC (CKYC) which is a mechanism for centralization of the KYC records. Accordingly, the KYC data will get passed onto the Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) for generation of the KYC Identification number (KIN) of the investor.

Unit holders are advised to use the applicable KYC Form for completing the KYC requirements and submit the form at the nearest point of acceptance.

The investor(s) and their attorney, if any, shall produce reliable, independent source documents such as photographs, certified copies of Aadhar Card/ passport/ driving license/PAN card, etc. and/or such documents or produce such information as may be required from time to time for verification of the identity, residential address and financial information of the investor(s) by the AMC/Mutual Fund. If the investor(s) or the person making payment on behalf of the investor(s), refuses / fails to provide the required documents/ information within the period specified in the communication(s) sent by the AMC to the investor(s) then the AMC, after applying appropriate due diligence measures, believes that the transaction is suspicious in nature within the purview of the Act and SEBI circulars issued from time to time and/or on account of deficiencies in the documentation, shall have absolute discretion to report suspicious transactions to FIU-IND and / or to freeze the folios of the investor(s), reject any application(s)

/ allotment of Units and effect mandatory redemption of Unit holdings of the investor(s) at the applicable NAV subject to payment of exit load, if any, in terms of the said communication sent by the AMC to the investor(s) in this regard. The KYC documentation shall also be mandatorily complied with by the holders by virtue of operation of law e.g. transmission, etc. Mutual Fund, AMC, Trustee Company and their Directors, employees and agents shall not be liable in any manner for any liability arising whatsoever

on account of freezing the folios / rejection of any application / allotment of units or mandatory redemption of units due to non-compliance with the provisions of the Act, SEBI circular(s) and KYC policy and / or where the AMC believes that transaction is suspicious in nature within the purview of the Act and SEBI circular(s) and reporting the same to FIU-IND.

**Digital KYC process:**

The investor shall visit the [www.wealthcompanyamc.in](http://www.wealthcompanyamc.in) of the AMC and go on new investor section and fill up the required details and online KYC form and submit requisite documents.

Irrespective of the mode of KYC application, where the KYC application is given along with the purchase/switch and where the purchase/switch is processed based on KYC application or based on KYC status as In-Process, the purchase/switch may be rejected/reversed in case the KYC is subsequently rejected or is on Hold. In such rejections/reversals, refund of the subscription amount without any interest would be made to the investor within 5 business days from the date of rejection / reversals.

**Ultimate Beneficial Ownership (UBO)**

Pursuant to SEBI Master Circular dated June 6, 2024 on 'Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) / Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under', as amended from time to time, investors (other than Individuals) are required to provide details of 'Ultimate Beneficial Owner(s) (UBO).

A 'Beneficial owner' is defined as a natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted and includes a person who exercises ultimate effective control over a legal person or arrangement. In this regard, all categories of investors (including all new / existing investors / unitholders) (except individuals, companies listed on a stock exchange or majority-owned subsidiary of such companies) are mandatorily required to provide beneficial ownership details for all investments. Failing which, the Fund/AMC reserves the right to reject applications / subscription requests / additional subscription requests (including switches) / restrict further investments or seek additional information from investors who have not provided the requisite information on beneficial ownership.

**Applicability:**

Providing information about beneficial ownership will be applicable to the subscriptions received from all categories of investors except Individuals and a Company listed on a stock exchange or is a majority owned subsidiary of such a Company.

In case the investor or the owner of the controlling interest is an entity listed on a stock exchange in India, or it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions notified by the Central Government, or it is a subsidiary of such listed entities, the details of shareholders or beneficial owners are not required to be provided.

Each Ultimate Beneficial Owner (UBO) has to be KYC compliant

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

**Identification Process:**

For Investors other than Individuals or Trusts:

If the investor is an unlisted company, partnership firm or unincorporated association / body of individuals, the beneficial owners are the natural person/s who are acting alone or together, or through one or more juridical person and exercising control through ownership or who ultimately has a controlling ownership interest.

Controlling ownership interest means ownership of /entitlement to:

- more than 10% of shares or capital or profits of the juridical person, where juridical person is a company;
- more than 10% of the capital or profits of the juridical person, where the juridical person is a partnership firm; or
- more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

In cases, there exists doubt as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity details should be provided of the natural person who is exercising control over the juridical person through other means (i.e. control exercised through voting rights, agreement, arrangements or in any other manner).

Where no natural person is identified under any of the above criteria, the person who holds the position of senior managing official shall be provided.

**For Investor which is a Trust:**

In case of a Trust, the settlor of the trust, the trustee, the protector and the beneficiaries with 10% or more interest in the trust or any other natural person exercising ultimate effective control over the trust through a chain of control or ownership shall be considered as beneficial owner.

**For Foreign Investors:**

The Know Your Client requirements in case of foreign investors viz. Foreign Portfolio Investors (FPIs), Sub accounts and identification of beneficial ownership of the investor shall be as specified in SEBI regulations.

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

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

To undertake necessary due diligence process by collecting information/documentary evidence about US/Non-US status of the investors/unit holders and identify US reportable accounts; and

To disclose/report information about the holdings, investments returns pertaining to US reportable accounts to the specified US agencies and/or such Indian authorities as may be specified under FATCA guidelines or under any other guidelines issued by Indian Regulatory Authorities such as SEBI, Income Tax etc. (collectively referred to as 'the Guidelines').

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

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

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

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

**CRS:**

On similar lines as FATCA, the Organization of Economic Development (OECD), along with the G20 countries, of which India is a member, has released a "Standard for Automatic Exchange of Financial Account Information in Tax Matters", requiring cooperation amongst tax authorities. The G20 and OECD countries have together developed a Common Reporting Standard (CRS) on Automatic Exchange of Information (AEOI).

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

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

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

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

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

#### **Bank Details**

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

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

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

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

No bank account shall be registered in the investor account as part of account opening or subsequent addition or change of bank request unless a validation is undertaken through various modes whereby the investors name, account number/ details are verified.

Redemption proceeds shall be credited only to a verified Bank Mandate.

There shall be a cooling period of 10 days for acceptance of change of bank mandate digitally post change of both email ID and mobile number in investors folio.

#### **Multiple Bank Accounts:**

The unit holder/ investor can register multiple bank account details under its existing folio by submitting separate form available on the website of the AMC at [www.wealthcompanyamc.in](http://www.wealthcompanyamc.in)

Individuals/HUF can register up to 5 different bank accounts for a folio, whereas non-individuals can register up to 10 different bank accounts for a folio.

#### **Change in Bank Mandate:**

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

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

#### **Cooling Period:**

If the investor submits redemption request accompanied with a standalone request for change of Bank mandate or submits a redemption request within seven days from the date submission of a request for change of Bank mandate details, the AMC will process the redemption. The entire activity of verification of cooling period cases and release of redemption payment shall be carried out within the period of 10 days from the change of bank mandate.

The AMC reserves the right to call for any additional documents as may be required, for processing of such transactions with missing/incomplete/invalid bank account details or to reject such applications. However, the valid redemption transaction will be processed, and the payout would be released as per the specified service standards and the last registered bank account maybe used for all the purposes.

The AMC endeavours to credit investor's bank account in electronic mode for redemption proceeds or any other payouts. The AMC/ Registrar will not be responsible for wrongful credit or non-receipt of credit by the unitholders owing to incorrect bank account details provided by the unit holder. Unit holders are advised to take due care while providing the bank details in the application form. Further, the AMC reserves right to credit payout in any of the modes available in electronic domain or issue cheque/DD, which would be dispatched through courier or registered post. The investor will not hold the Mutual Fund or the AMC or the Registrar responsible for any non-receipt or delay of receipt of redemption proceeds due to any negligence or deficiency in service by the courier company, postal authorities or the bank executing direct credits, or due to incorrect bank account details provided by the

investor.

### **Payment Details**

Purchases in the schemes should meet the minimum amount requirements specified for the respective scheme(s).

An investor at the time of his/her purchase of units must provide the details of his/ her pay-in bank account (i.e. account from which a subscription payment is being made). Payment for investment by any mode shall be accepted from the bank account of the minor, parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian.

In case of physical applications, the cheques should be drawn in favour of ' The Wealth Company Mutual Fund and crossed "A/c Payee only" and made payable at the location where the application form is submitted to the designated Investor Service Centre / Collection Centre. Non MICR/ outstation post-dated cheques/demand drafts/ money orders/ postal orders will not be accepted. Where the Scheme name as

written on the application form and on the payment instrument differs, the proceeds may, at the discretion of the AMC be allotted in the Scheme as mentioned on the application form

Returned cheque(s) are liable not to be presented again for collection, and the accompanying Application Form is liable to be rejected. In case the returned cheque(s) are presented again in exceptional scenarios, the necessary charges are liable to be claimed to the Investor.

Purchases / subscriptions can also be made through various electronic modes such as Real Time Gross Settlement (RTGS) / National Electronic Fund Transfer (NEFT) / Direct Credit (DC) / National Automated Clearing House (NACH)/ Net banking/ Unified Payment Interface (UPI)/ Immediate Payment Service (IMPS) or such other modes as may be introduced by RBI from time to time and made available by the AMC. The investor should place an RTGS / NEFT/Fund Transfer request with their bank from where the funds are to be paid and submit the bank acknowledged copy of request letter with the application form by mentioning the Unique Transaction Reference (UTR) Number / Transaction reference number which is generated for their request by the bank. RTGS/NEFT request is subject to the RBI

regulations and guidelines governing the same. The AMC/Fund shall not be liable for any loss arising or resulting from delay in credit of funds in the Fund/Scheme collection account.

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

FPIs shall pay their subscription either by inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Special Non-Resident Rupee Account maintained by the FPI with a designated branch of an authorised dealer.

In case of SIP transaction where the mode of payment is through NACH or any other mode as maybe enabled by the Mutual Fund using banking channels from time to time, investors are not required to do an initial purchase transaction for the minimum amount as applicable. However, investors are required to submit SIP request along-with mandate registration request.

Mandate registration can be done by the First Unit holder, which authorizes his/her bank to debit their account up to a certain specified limit per Transaction (subject to the statutory limits as applicable from time to time), as and when they wish to transact with the Fund. This Facility currently enables Unit holder(s) of the Fund to start Systematic Investment Plan (SIP) or invest lump sum amounts in the schemes of the Fund wherever subscription is allowed. Currently, this facility is available for transactions made through physical mode and the Fund may, at its discretion, extend the same to other modes of transactions from time to time. This facility can be availed if the Investor's Bank is participating in the NACH (National Automated Clearing House) Platform or any other mode/platform as maybe enabled by banking systems and subject to investor's bank accepting ACH/OTM Registration mandate.

The investors should ensure that the amount invested in the scheme is through legitimate sources only and does not involve and is not designed for the purpose of any contravention or evasion of any act, rules, regulations, notifications or directions of the provisions of the Income Tax Act, Anti Money Laundering Act, Anti-Corruption Act and or any other applicable laws enacted by the Government of India from time to time.

With respect to purchase request submitted by any investor, if it is noticed that there are repeated instances of two or more cheque bounces, the AMC reserves the right not to accept/allot units for all future purchase of such investor(s).

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

Pursuant to AMFI Best Practice Guidelines Circular no. 135/BP/16/10-11 dated August 16, 2010 (the Circular), investors/unit holders of the Schemes of Wealth Company Mutual Fund are requested to note that investment/subscription made through third party cheque(s) will not be accepted.

In order to ensure that the folio and source bank account belong to the same person, AMC shall make sure that payment for Mutual Fund transactions are accepted through only such modes where independent traceability of end investor can be ensured and source account details are available as audit trail without relying on any other intermediary's records.

Third party cheque(s) for this purpose are defined as:

- Investment made through instruments issued from an account other than that of the beneficiary investor,
- in case the investment is made from a joint bank account, the first holder of the mutual fund folio is not one of the joint holders of the bank account from which payment is made.

Third party cheque(s) for investment/subscription shall be accepted, only in exceptional circumstances, as detailed below:

- Payment in respect of investments for minor investors 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.
- Payment by Employer on behalf of employee under Systematic Investment Plans or lumpsum/ one time subscription, through Payroll deductions or deductions out of expense reimbursements.
- Custodian on behalf of a Foreign Portfolio Investors (FPIs) or a client.
- Payment by a Corporate to its Agent/ Dealer (similar arrangement with Principal agent relationship), on account of commission or incentive payable for sale of its goods/services, in the form of the Mutual Fund Units through SIP or lump sum/one-time subscription, subject to compliance with SEBI Regulations and Guidelines issued by AMFI, from time to time.

The above-mentioned exception cases will be processed after carrying out necessary checks and verification of documents attached along with the purchase transaction slip/application form, as stated below:

- Determining the identity of the Investor and the person making payment i.e. mandatory Know Your Client (KYC) for Investor and the person making the payment.
- Obtaining necessary declaration from the Investor/unit holder and the person making the payment. Declaration by the person making the payment should give details of the bank account from which the payment is made and the relationship with the beneficiary.
- Verifying the source of funds to ensure that funds have come from the drawer's account only.

The "Third Party Payment Declaration Form" shall be available on [www.wealthcompanyamc.in](http://www.wealthcompanyamc.in) and at Investor Service Centers (ISCs).

The AMC/Mutual Fund reserves the right to accept applications, over and above the circumstances listed above, subject to completion of requisite documentation and additional checks and verification as stipulated by the AMC/Mutual Fund.

The AMC may seek a copy of the instruction to the bank stating the account number debited with the purchase application or seek proof of source of funds.

Investors are requested to note that AMC reserves the right to have additional checks of verification for any mode of payment received. The AMC reserves the right to reject the transaction in case the payment is received from an account not belonging to the first unit holder of the mutual fund. In such rejections, the AMC will refund the subscription amount to the source account.

#### **Cash Investments:**

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

#### **Joint Applicants:**

If an application is made by:-

one investor, the mode of holding will be "Single"; or

more than one investor (maximum three permitted), the mode of holding should be specified as "Joint" or "Anyone or Survivor".

If the mode of holding is not specified or is ambiguous, it will be treated as "Anyone or Survivor", where there is more than one holder.

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

Applicants can specify the 'mode of holding' in the Application Form as 'Jointly' or 'Anyone or Survivor'. In the case of holding specified as 'Jointly', redemptions and all other requests relating to all transactions would have to be signed by all joint holders. However, in cases of holding specified as 'Anyone or Survivor', any one of the Unitholders will have the power to make redemption requests, without it being necessary for all the Unitholders to sign. However, in all cases, the proceeds of the redemption will be paid to the Registered bank account.

With respect to Units held in demat mode, the rules of Depository for operation of such DP account shall be applicable.

**Tax Status:**

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

Investors are requested to note that there can be only one tax status which can be tagged against a single PAN i.e. either Resident (RI) or Non Resident (NRI). There cannot be different tax status for different folios for the same investor, same PAN. Accordingly, in case the existing tax status in a folio is NRI and the investor makes a new investment with tax status as RI, the new investment will be processed with tax status as NRI. Similarly, if the existing status in a folio is RI and the investor makes a new purchase with tax status as NRI, the tax status of the existing RI folio will be changed to NRI. In case of any change in tax status, Investors should submit a request for change of tax status request before submitting the new investment to avoid any inconvenience. The AMC reserves the right to reject or reverse & reprocess the transactions later in case of any error.

**Investments on Behalf of Minor:**

- The minor shall only be the sole Unit holder in a folio. Joint holding is not allowed.
- Details of the parent viz., father or mother or legal Guardian must be mentioned for investments made on behalf of a minor.
- A valid birth certificate or passport or School Leaving Certificate or any other valid document issued by a Government authority evidencing the date of birth of the minor must be submitted.
- In the case of a court-appointed legal guardian, a notarized or attested copy of the court order must also be submitted.
- If the submitted date of birth proof contains details establishing a relationship between the guardian and the minor, the same shall be accepted. In the absence of such details, appropriate documents evidencing the relationship must be provided. In addition to the existing procedures, for systematic transactions in a minor's folio, the AMC/ Mutual Fund will register standing instructions only till the date when the minor Unitholder attains the age of majority, even though the instructions may be for a period beyond that date. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC details, updated bank account details including cancelled original cheque leaf of the new account.

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

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

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

**Change of Guardian:**

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

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

**Application under Power of Attorney/ Body Corporate/ Registered Society/ Partnership/ Sole Proprietorship Account**

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

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

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

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

Board resolution authorizing the investment

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

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

- “Non-profit organization” (NPO) means an organization which has been constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or a Company registered under the section 8 of the Companies Act, 2013 (18 of 2013);
- All NPOs are mandated to register themselves in DARPAN portal of NITI Aayog- <https://ngodarpan.gov.in/>. All applicable Trusts/Societies/Section 8 companies should register themselves suitably and submit the declaration along with NPO registration number allotted by DARPAN portal to MF/RTA, else it might result in transaction rejection. Trusts/Societies/Section 8 companies who do not fall under the new NPO definition should confirm that they are not falling under the referred NPO definition.
- The onus of authentication of the documents shall be on the Investors and the AMC/Fund will accept and act on these in good faith wherever the documents are not expressly authenticated. Submission of these documents by such investors shall be full and final proof of the investors’ authority to invest and the AMC/Fund shall not be liable under any circumstances for any defects in the documents so submitted.
- Applications for new purchases from sole proprietorship accounts shall be processed after matching the details of the name on the documentary proof with the KYC/PAN and signature of the applicant on the application form and the payment instrument/cheque in case of physical applications.
- In case the name of an applicant mentioned in the application form/ transaction slip differs from the name on payment instrument/cheque, then the AMC may process the application and allot units at the applicable Net Asset Value, after obtaining self-declaration certificate from the applicant along-with documentary evidence, as prescribed by the AMC from time to time. In case the self-declaration is not furnished by the applicant, the
- AMC reserves the right to process/reject the application form without any reference to the applicant after carrying out necessary diligence, as deemed appropriate by the AMC.

#### **Facilities for transacting in The Wealth Company Mutual Fund A: Digital properties of the AMC**

Facility of online transactions is available on the on the digital properties of the AMC (website - [www.wealthcompanyamc.in](http://www.wealthcompanyamc.in)) or any other digital platforms /modes offered from time to time). However, investors

should note that transactions through such digital properties shall be subject to the eligibility of the investors, any terms & conditions stipulated by the Mutual Fund/AMC from time to time and any law for the time being in force.

The Unitholder shall be solely responsible for confidentiality of his/her login credentials and shall not disclose his/her login credentials to any third party and shall take all possible care to prevent discovery of the login credentials by any person.

The AMC/Mutual Fund shall not be liable for any misuse of data placed on the internet by third parties "hacking" or having unauthorized access to the server. The AMC/Mutual Fund will not be liable for any failure to act upon electronic instructions or to provide any facility for any cause that is beyond its control. The AMC reserves the right to modify the terms and conditions or to discontinue the facility at any point in time.

#### **B: Digital properties of KFIN Technologies Limited (KFINTECH/Registrar)**

Facility of online transactions is available on the digital properties of KFINTECH (Website- [www.kfintech.com/](http://www.kfintech.com/) portal, mobile app servers). However, investors should note that transactions through such digital properties shall be subject to the eligibility of the investors, any terms & conditions as stipulated by KFINTECH from time to time and any law for the time being in force.

#### **C: Transactions through Stock Exchange**

- Pursuant to clause 16.2 of the SEBI Master Circular dated June 27, 2024, units of mutual fund schemes have been permitted for transactions through registered stockbrokers of the recognised stock exchanges. Accordingly, these stock exchanges shall be considered as Official Points of Acceptance of transactions of the Mutual Fund.
- Investors transacting through such NSE MFSS/ BSE STAR platform and schemes which are listed on the recognised stock exchanges will have to additionally comply with norms/rules as prescribed by the stock exchange(s).

- Participants (clearing members and depository participants) intending to extend the transactions in the eligible schemes of The Wealth Company Mutual Fund through stock exchange mechanism shall be required to comply with the requirements specified in paragraph 16.2 of the SEBI Master Circular dated June 27, 2024 for stockbrokers, to the extent applicable. All such participants will be eligible to be considered as Official Points of Acceptance of transactions of the Mutual Fund.
- The transactions carried out on the above platform shall be subject to SEBI (Mutual Fund) Regulations and circulars / guidelines issued thereunder from time to time.

#### **D: MF Utilities India Private Limited (MFUI)**

Wealth Company AMC has entered into an Agreement with MF Utilities India Private Limited (“MFUI”), a “Category II – Registrar to an Issue” under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, for usage

of MF Utility (“MFU”) - a shared services initiative of various Asset Management Companies, which acts as a transaction aggregation portal for transacting in multiple Schemes of various Mutual Funds with a single form and a single payment instrument.

Accordingly, all financial and non-financial transactions pertaining to Schemes of the Fund can be done through MFU at the authorized Points of Service (“POS”) of MFUI. The list of POS of MFUI published on the website of MFUI at [www.mfuindia.com](http://www.mfuindia.com) as may be updated from time to time will be considered as Official Points of Acceptance of transactions (OPA) for transactions in the Scheme(s) of the Fund. The uniform cut-off time as prescribed by SEBI and as mentioned in the SID / KIM of respective schemes shall be applicable for applications received through MFUI. However, investors should note that transactions through MFUI shall be subject to the eligibility of the investors, any terms & conditions stipulated by MFUI / the Fund / the AMC from time to time and any law for the time being in force.

Investors are requested to note that, MFUI will allot a Common Account Number (“CAN”), a single reference number for all investments in the Mutual Fund industry, for transacting in multiple Schemes of various Mutual Funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form and necessary documents at the MFUI POS. The AMC and / or its Registrar and Transfer Agent shall provide necessary details to MFUI as may be needed for providing the required services to investors through MFU. Investors are requested to visit the website of MFUI i.e. [www.mfuindia.com](http://www.mfuindia.com) to download the relevant forms. Investors transacting through MFU shall be deemed to have consented to exchange information viz. personal and/or financial (including changes, if any) between the Fund/the AMC and MFUI and/or its authorized service providers for validation and processing of transactions carried out through MFU.

For any queries or clarifications related to MFU, investors are requested to contact the Customer Care of MFUI on 1800-266-1415 (during business hours on all days except Sunday and Public Holidays) or send an email to [clientservices@mfuindia.com](mailto:clientservices@mfuindia.com).

#### **E: MF Central**

- As per the SEBI Master Circular for Mutual Funds dated June 27, 2024, to comply with the requirements of RTA interoperable Platform for enhancing investors’ experience in Mutual Fund transactions / service requests, the QRTA’s, Kfin Technologies Limited (Kfintech) and Computer Age Management Services Limited (CAMS) have jointly developed MFCentral - A digital platform for Mutual Fund investors. MFCentral is created with an intent to be a one stop portal / mobile app for all Mutual fund investments and service-related needs that significantly reduces the need for submission of physical documents by enabling various digital / physical services to Mutual fund investors across fund houses subject to applicable Terms and Conditions of the Platform. MFCentral may be accessed using <https://www.mfcentral.com> and its Mobile App.

#### **Applicable for all the modes detailed above:**

- The servers including email servers (maintained at various locations) of AMC, KFINTECH, and the servers of any other service provider/transaction platform with whom the AMC has tied up for this purpose will be the official point of acceptance for all online / electronic transactions mentioned above. For the purpose of determining the applicability of NAV, the time when the request for purchase / sale / switch of units is received in the servers of AMC/ RTA or such other service provider/ transaction platform, shall be considered.

#### **F: Channel Partners / Execution Only Platforms (EOP):**

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

#### **G: Email-based Transaction Facility:**

- The AMC may at its discretion and subject to internal policies, process financial transactions received via email from eligible investors in line with AMFI guidelines dated January 31, 2025, as amended from time to time. The AMC may seek additional documentation including but not limited to authorization by the eligible investors to accept transactions through this mode. Requests for changes in bank details shall not be accepted through this mode. Investors availing this facility acknowledge the associated risks, including delivery failures, delays, or unauthorized access, and agree to bear any resulting consequences. The AMC/RTA shall not be liable for non-receipt or failure to process such instructions due to factors beyond

their control. Reasonable safeguards such as time-stamping, domain verification, email receipt confirmation and audit trails shall be adopted to confirm authenticity. The AMC reserves the right to modify or withdraw this facility, in whole or in part, at its discretion and without prior notice.

#### **H: Facility of Applications Supported by Blocked Amount (“ASBA”) as an additional mode of payment – Demat details are mandatory**

- As per the SEBI guidelines, in respect of New Fund offers (NFO), investors will have an option to make an application / payment under the Applications Supported by Blocked Amount (ASBA) facility. This facility is available to all investors eligible to invest in the schemes of the Mutual Fund. The applications under ASBA facility will be subject to the directives issued by SEBI from time to time.
- ASBA is an application containing an authorization given by the investor to block the application money in his/her specified bank account towards the subscription of units offered during the NFO of the schemes. Thus, for an investor who applies through ASBA facility, the application money blocked towards the subscription of Units shall be debited to the extent of subscribed amount from the bank account on or before the allotment date. On allotment of NFO, units will be credited to the investor’s demat account as specified in the ASBA application form. For availing this facility, investors are requested to check with the Designated Branches (“DBs”) of the Self Certified Syndicate Banks (“SCSBs”). The application forms for applications under the ASBA facility will be available at the designated branches of Self Certified Syndicate Banks (SCSB/ASBA Banks). A list of these banks is available on the SEBI website ([www.sebi.gov.in](http://www.sebi.gov.in)) or BSE website ([www.bseindia.com](http://www.bseindia.com)) or NSE website ([www.nseindia.com](http://www.nseindia.com)). The application forms for applications under the ASBA facility should be submitted at the designated branches of the ASBA Banks. SCSBs”). The application forms for applications under the ASBA facility will be available at the designated branches of Self Certified Syndicate Banks (SCSB/ASBA Banks). A list of these banks is available on the SEBI website ([www.sebi.gov.in](http://www.sebi.gov.in)) or BSE website ([www.bseindia.com](http://www.bseindia.com)) or NSE website ([www.nseindia.com](http://www.nseindia.com)). The application forms for applications under the ASBA facility should be submitted at the designated branches of the ASBA Banks.
- The Mutual Fund, AMC and Trustee shall not be responsible for any acts, mistakes, errors, omissions and commissions etc. in relation to the application forms under the ASBA facility accepted by SCSBs. On receipt of applications through SCSBs, the allotment will be carried out with the presumption that the application amount has been blocked in the relevant ASBA account.
- Mutual Fund / AMC does not intend to seek any investment or offer any goods or services to Citizen(s)/Resident(s) from FATF designated High-Risk Jurisdictions (“blacklist”),. Mutual Fund / AMC / its Registrar, who shall be collecting, using and sharing as indicated above, shall comply with local laws of India, which may or may not be in line with the requirements of other territorial laws. If you have any concern / query, you can write to Investor Relations Officer of the Mutual Fund/ AMC.

#### **I. Redemption and Switches**

- Units will be redeemed/switched out on First In First Out (FIFO) basis at a folio level.
- Redemption/Switches will not be processed if the investor (applicable to all unitholders) are not KYC compliant in line with the regulations issued by SEBI from time to time.
- For Units Held in Demat (electronic) form: Unitholders should submit their valid redemption request to their Depository Participant (DP). The redemption proceeds will be credited to the bank account of the Unitholder, as per the bank account details provided by the Depositories.
- For Units Held in Account Statement (non-demat) form: The Redemption/Switch-out request can be made by way of a written request on a pre-printed form or Transaction Slip, which should be submitted at any of the Official Points of Acceptance. Alternatively, investor(s) can submit these requests through any other permissible electronic modes including digital properties of the AMC, as may be enabled from time to time.
- All Redemption/Switch-out would be permitted to the extent of credit balance in the Unit holder’s account of the Plan(s)/Option(s) of the Scheme (subject to completion of Lock-in period or release of pledge/lien or other encumbrances).
- The Redemption/Switch-out request can be made by specifying the rupee amount or by specifying the number of Units of the respective Plan(s)/Option(s) to be redeemed.
- In case a Redemption/Switch-out request received is for both, a specified rupee amount and a specified number of Units of the respective Plan(s)/Option(s), the specified number of Units will be considered the definitive request.
- In case the value/number of available units held in the Unit holder’s folio/account under the Plan/Option of the Scheme is less than the amount/number of units specified in the redemption/switch-out request, then the transaction shall be treated as an ‘all units’ redemption and the entire balance of available Units in the folio/account of the Unit holder under the stated Plan/Option of the Scheme shall be redeemed.
- Redemption by NRIs/PIOs/OCIs/FPIs will be subject to the regulations and guidelines of the RBI and any other relevant laws as are applicable from time to time (also subject to deduction of tax at source as applicable).
- As per SEBI (Mutual Fund) Regulations, the Mutual Fund shall transfer Redemption proceeds within 3 business days or such other timeline as may be specified in the respective scheme’s SID and as per SEBI/ AMFI guidelines.
- Redemption proceeds will be paid in favour of the Unit holder (registered holder of the Units or, if there is more than one registered holder, only to the first registered holder) and in the bank account number registered under the folio.
- A penal interest of 15% p.a. or such other rate as may be prescribed by SEBI from time to time, will be paid by the AMC for the period of delay in case the Redemption proceeds are not transferred within the specified timeline. Investors may

note that in case of exceptional scenarios as prescribed by SEBI/ AMFI, the AMC may not be liable to adhere with the timelines prescribed above.

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

#### **Micro Investments /PAN Exempt Investments:**

As per SEBI guidelines, individuals and Sole proprietary firms who do not possess a PAN ("Eligible Investors")\* may invest up to Rs. 50,000 in a rolling 12-month period or financial year i.e. April to March. However, Eligible Investors are required to undergo Know Your Customer (KYC) procedure with any of the SEBI registered KYC Registration Authorities (KRA). Accordingly, investor(s) i.e. either the first holder or all joint holders who do not hold PAN may invest (via lumpsum/SIP) upto Rs. 50,000 per year per investor. Such PAN exempt SIPs are referred to as Micro SIP.

Investors may make PAN exempt investments subject to the following provisions:

- The limit of Rs. 50,000/- is applicable at an aggregate level (SIP plus lumpsum investments) across all Schemes of the Fund in a rolling 12-month period or in a financial year i.e. April to March.
  - This exemption is applicable only to investments by "Eligible Investors" i.e. individuals [including Joint Holders who are individuals, NRIs but not PIOs], Minors and Sole proprietary firms, who do not possess a PAN\*. Hindu Undivided Family (HUF) and other categories are not eligible for PAN exemption.
  - \*In case of joint holders, first holder must not possess a PAN.
  - Eligible Investors are required to undergo Know Your Customer (KYC) procedure with any of the SEBI registered KYC Registration Agency (KRA).
  - Eligible Investors must attach a copy of the KYC acknowledgement letter containing the PAN Exempt KYC Reference No (PEKRN) issued by the KRA along with the application form. Eligible investors must hold only one PEKRN.
  - If an application for investment together within investments made in a rolling 12-month period or in a financial year exceeds Rs. 50,000, such an application will be rejected. New / Additional Purchase and Systematic Investment Plans (SIP) will be covered in the limit of Rs. 50,000.
  - Investors may switch their investments to other Schemes of the Mutual Fund. However, where the switch amount is Rs. 50,000 or more, the investor is required to furnish a copy of their self attested PAN along with valid KYC compliance. In the absence of these, the switch request is liable to be rejected, in accordance with extant Income Tax regulations and SEBI guidelines.
  - HUFs and other categories are not eligible for such investments.
- In case of any deficiencies in the supporting documents or in case of the aggregate of lumpsum/ SIP investments exceeding Micro investment threshold, the Mutual Fund/ AMC reserves the right to reject the applications.
  - All terms and conditions (including load structure) of Systematic Investment Plans (SIPs) (except availability of SIP Top-up facility) shall apply to Micro SIPs.

#### **Special products**

The Fund offers certain special products / facilities as per details mentioned below; however, these products and facilities may not be available under all the schemes of the Fund. Investors are advised to refer to the Scheme Information Document (SID) of the respective schemes of the Fund to check whether any of these facilities are available or not.

#### **Systematic Investment Plan (SIP)**

Investors can undertake investing on a specified periodic basis and aim to take advantage from rupee cost averaging through SIP in the scheme. For Frequency, minimum amount per instalment and number of instalments, kindly refer to the respective SID of the scheme(s).

#### **SIP registration**

- SIP registration can be done through physical or digital mode. The mandate for SIP installment payments can be done by registering a One Time Mandate (OTM) application or any other mandate registrations methodology in line with the arrangements with the banks or payment aggregators as may be enabled from time to time.
- For registration of a Systematic Investment Plan (SIP) in physical mode, the duly completed SIP form must be submitted at least 21 calendar days prior to the desired first debit date if a One Time Mandate (OTM) is not registered, and at least 10 calendar days prior in case an OTM is already registered. The provided timelines are excluding the application date and the SIP start date. In case the start date does not meet the mentioned timelines, the AMC will make reasonable efforts to process the SIP as per the investor's request. However, if that is not possible, the SIP will begin from the subsequent instalment date as per the selected frequency.
- For SIP applications through online mode, should be submitted 5 calendar days before the first debit date (excluding the application date and the SIP start date). The same shall be applicable for SIP being registered in the folio through OTM where the mandate status is 'Registered'.

**Default SIP options:**

In case an investor fails to mention the valid SIP details (or the details are not clear) at the time of registering SIP, the following shall be considered as default selection:

SIP details	Default option
Frequency	Monthly
SIP Date (Monthly, Quarterly)	10th of the month
SIP Day (Weekly)	Monday
SIP Tenor	As per end period of OTM

**Points to note:**

- In case the SIP date falls on a non-business day then the transaction will be processed on the next business day.
- In case the SIP date falls on a date which is not available in a particular month then SIP will be processed on the first business day of subsequent month. For example, if an investor selects SIP date as 31st, the instalment for the month of November will be processed on 1st December.
- For SIP applications received during NFO Period, the SIP start date shall be at least 21 calendar days after the NFO allotment date.
- If multiple SIP dates are opted SIP will be registered for all opted dates.
- SIP start date shall not be beyond 100 days from the date of submission of request for SIP, under all frequencies.
- New Investor - If the investor fails to mention the scheme name in the SIP Mandate Form, then the Fund reserves the right to register the SIP as per the scheme name available in the main application.
- Existing Investor - If the investor fails to mention the scheme name in the SIP Mandate Form, then the Fund reserves the right to register the SIP in the existing scheme (Eligible for SIP) available in the investor's Folio. In case Multiple Schemes or Equity Linked Savings Scheme (ELSS) are available in the folio then the Fund reserves the right to reject the SIP request.
- Investors who wish to change any aspect of existing SIP such as scheme/ amount etc, may use the SIP Modification form for this purpose.
- The investor is requested to note that the load structure shall be applicable as on the date of installment and
- the AMC reserves the right to change the load structure which shall be applicable on a prospective basis.

The AMC reserves the right to withdraw this facility, modify the procedure, frequency, dates in accordance with the SEBI (Mutual Fund) Regulations and any such change will be applicable only to units transacted pursuant to such change on a prospective basis.

Please refer to the SIP Enrolment Form for terms & conditions before enrolment.

**SIP Top-Up Facility: –**

- Under this facility, the investor can increase the SIP instalment at pre-defined intervals. This aims to provide the investor with a simplified method of aligning SIP instalment amounts with an increase in the investor's earnings over the tenure of SIP. This facility is available for all investors.
- Investors can opt for SIP Top-up facility by specifying an amount or percentage along with the frequency of top-up.

**Frequency and Mode of SIP Top-Up:**

Investors can choose to increase their SIP instalments either by a fixed amount, to be applied after a set frequency:

Half-Yearly Top-Up: Applicable after every 6 SIP instalments.

Yearly Top-Up: Applicable after every 12 SIP instalments. (Only Yearly frequency is allowed for Quarterly SIPs.)

- Minimum Top-Up Amount: Rs.100 and in multiples of Rs.1.
- If the investor fails to specify either the frequency or amount, it shall be deemed as Yearly Top-Up of Rs. 100.
- If both are not specified, the application may be processed as a normal SIP, subject to all other details being complete.

Top-Up Cap amount: Investor has an option to freeze the SIP Top-Up amount once it reaches a fixed predefined amount. The fixed pre-defined amount should be lower than or equal to the maximum amount mentioned by the investor in the OTM / bank mandate. In case of difference between the Cap amount and the maximum amount mentioned in the mandate, then the amount which is lower of the two amounts shall be considered as the default amount of SIP Cap amount. Where Top-Up Cap amount is not provided, the Top-Up would be capped at the maximum amount mentioned in the OTM / bank mandate.

SIP Top-Up facility shall not be available in case of Micro-SIP.

## SIP Modification

An investor investing through SIP shall have an option to modify the selected scheme and / or SIP installment amount and / or SIP end date, in the scheme wherein the SIP investments are currently being made.

### SIP Pause facility:

- SIP Pause facility allows investors to pause their existing SIP for a temporary period, without discontinuing the existing SIP and SIP would restart from the immediate next installment after completion of the pause period specified by the investor. SIP Pause can be for a minimum period of 1 month to a maximum period of 6 months.
- The minimum gap between the pause request and next SIP instalment date should be at least 10 calendar days (excluding the request date and the next SIP instalment date).
- Pause facility shall get activated from immediate next eligible instalment from the date of receipt of SIP Pause request.
- If the pause period is coinciding with the SIP Top Up facility, the SIP instalment amount post completion of pause period would be inclusive of Top Up amount. For e.g. SIP instalment amount prior to pause period is Rs.5,000/- and Top Up amount is Rs.1,000/-. If the pause period is completed after date of Top Up, then the SIP instalment amount post completion of pause period shall be Rs.6,000/-.

### Termination/Cancellation of SIP:

- In case of weekly / monthly SIPs, if there are three consecutive failures of SIP instalments and in case of quarterly SIPs, if there are two consecutive failures of SIP instalments, the AMC shall terminate the SIP without any written request from the investor.
- The unitholders are, however, free to terminate the SIP registration at any point of time by way of a written communication. The SIP cancellation request submitted by an investor, will be effective within 2 working days from the date of such request. However, it may be noted that any instalments for which debit instructions have
- already been sent to the investor's bank (for eg. 7 to 10 days in advance depending upon the mode of registration of the mandate) may continue to be processed. Investors should accordingly maintain sufficient balance in their bank account. Any debits triggered in the investor(s) accounts towards instructions sent to the bank in the interim will be refunded.

### Systematic Transfer Plan (STP)

- STP is a facility wherein unitholders of designated open-ended schemes of The Wealth Company Mutual Fund (excluding ELSS as Source Scheme subject to Lock in period & units in demat form & ETFs) can opt to transfer a fixed amount at regular intervals to another designated open-ended scheme of The Wealth Company Mutual Fund . For Frequency, minimum amount per instalment and number of instalments, kindly refer respective SID of the scheme.
- The amount transferred under STP from source scheme to target scheme shall be done by redeeming units of source scheme at Applicable NAV, subject to exit load, if any; and subscribing to the units of target scheme at Applicable NAV as on specified date(s).

### Default STP options:

In case an investor, fails to mention the valid STP details (or the details are not clear) at the time of registering STP, the following shall be considered as default selection:

STP details	Default option
Frequency	Monthly
STP Date (Monthly, Quarterly)	10th of the month
STP Day (Weekly)	Monday
STP Tenor	Perpetual

In case the Start Date is mentioned but End Date is not mentioned, the application will be registered for "Perpetual" period.

In case the End Date is mentioned but Start Date is not mentioned, the application will be registered after expiry of 7 calendar days from submission of the application from the default date i.e. 10th of each month / quarter (or the immediately succeeding working Day), provided the minimum number of instalments are met.

### Points to note:

- This facility is not available for units which are under any lien /pledged or any lock-in period.
- The unitholders may approach/consult their tax consultants regarding the treatment of the transfer of units from the tax point of view.
- In case the STP date falls on a non-business day or on a day which is not available in a particular month, the STP will be processed on the next business day.
- If there is an inadequate balance / unclear units on the STP date, the STP will be processed for the balance units, subject to

minimum amount requirement of the target scheme and the STP will continue.

- The registered STP will be automatically terminated upon receipt of intimation of death of the unit holder.
- The enrolment form completed in all respects should be submitted at any of the designated Investor Service Centre (ISC) of the AMC at least 7 calendar days before the commencement of first execution date of STP. In case the required time of 7 calendar days is not met then the STP will be processed from the next STP cycle.
- The load structure for the target scheme shall be applicable as on the date of installment and the AMC reserves the right to change the load structure which shall be applicable on a prospective basis.

The AMC reserves the right to withdraw this facility, modify the procedure, frequency, dates in accordance with the SEBI (Mutual Fund) Regulations and any such change will be applicable only to units transacted pursuant to such change on a prospective basis.

#### **Termination/Cancellation of STP**

In case of failure to process the STP on account of NIL balance in the out scheme, the AMC shall terminate the STP without any written request from the investor.

The unitholders can, however, terminate the STP registration at any point of time by submitting a request at least 5 calendar days prior to the next due date of STP.

#### **Systematic Withdrawal Plan (SWP)**

SWP facility allows unitholders of designated open-ended schemes of The Wealth Company Mutual Fund (excluding ELSS as Source Scheme subject to Lock in period & units in demat form & ETFs) to withdraw a specified sum of money periodically from their investments in the scheme. An SWP is ideal for investors seeking a regular inflow of funds for their needs. A fixed sum will be paid to the investor from their investments and the remaining part of the corpus will continue to earn returns. The amount thus withdrawn by SWP would be equated into units at Applicable NAV based prices and the number of units so arrived at would be redeemed and subtracted from the unit balance held by the investor.

For Frequency, minimum amount per instalment and number of instalments, kindly refer respective SID of the scheme.

#### **Default SWP options:**

In case an investor fails to mention the valid SWP details (or the details are not clear) at the time of registering the SWP, the following shall be considered as default selection:

SWP details	Default option
Frequency	Monthly
SWP Date	10th of the month
SWP Tenor	Perpetual

#### **Points to note:**

- The SWP proceeds to the investor's bank account will be credited as per normal service standards.
- In case the SWP date falls on a non-business day or on a day which is not available in a particular month, the SWP will be processed on the next business day.
- This facility is not available for units which are under any lien/pledged or any lock-in period.
- The unitholders may approach/consult their tax consultants in regard to the treatment of the transfer of units from the tax point of view.
- If there is inadequate balance / unclear units on the SWP date, the SWP will be processed for the balance units and SWP will continue.
- The registered SWP will be automatically terminated upon receipt of intimation of death of the unit holder.
- The enrolment form completed in all respects can be submitted at any of the designated Investor Service Centre (ISC) of the AMC at least 7 calendar days before the commencement of first execution date of SWP. In case the required time of 7 calendar days is not met then the SWP will be processed from the next SWP cycle.

The AMC reserves the right to withdraw this facility, modify the procedure, frequency, dates in accordance with the SEBI MF Regulations and any such change will be applicable only to units transacted pursuant to such change on a prospective basis.

#### **Termination/Cancellation of SWP**

In case of failure to process the SWP on account of NIL balance in the scheme, the AMC shall terminate the SWP without any written request from the investor.

The unitholders can, however, terminate the SWP registration at any point of time by way of a written communication at least 5 calendar days prior to the next due date of SWP.

Forms for all facilities are available on our website [www.wealthcompanyamc.in](http://www.wealthcompanyamc.in)

#### Acceptance of financial transactions through email in respect of non-individual investor

Investors are requested to note that, in accordance with AMFI Best Practice Guidelines Circular No.135/BP/118 /2024-25 dated January 31, 2025 and AMFI email dated February 27, 2025 advising all AMCs to Accept financial transactions through email in respect of non-individual investors with effect from May 01, 2025 subject to the following terms and conditions.

The facility of carrying out financial transactions through Designated E-mail, in units of The Wealth Company Mutual Fund Schemes, is available for the non-individual Investors subject to the following terms and conditions. The AMC declares its Designated E-mail server as one of the Officials Points of Acceptance. The AMC reserves the right to change/add the Designed email id(s) from time to time.

#### Modes of receipt of transactions:

##### (1) Transaction request on the AMC's designated email from email ID of authorised official of nonindividual investor :

The investor shall provide a copy of the board resolution or an authority letter on the its letter head, granting appropriate authority to the designated officials of the investor.

The board resolution/ authority letter shall explicitly mention the following:

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

##### (2) Transaction request digitally signed by investor, received on the AMC's designated email :

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

##### 3) Scanned transaction request with wet signature of investor received on the AMC's designated email:

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

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

##### (4) Scanned transaction request received on the AMC's designated email from email ID of MFD or third party :

Scanned copies of signed transaction form/request letter bearing wet signatures of the authorized signatories of the entity, received from the registered mutual fund distributor of the entity or a third party duly authorized by the non-individual investor will be accepted subject to fulfillment of the following requirements:

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

Following Terms and conditions are applicable for above mode of receipt of financial transactions:

- a) Investor agrees that based on the scanned image of application for purchase, redemption or switches, the transaction will be processed subject to receipt of the subscription amount in case of purchase and subject to signature verification in case of redemption and switches. The receipt of such scanned image by the AMC at designated email id shall be deemed sufficient for effecting the transaction without the receipt of original application. Investor further agrees to retain records of such transactions in line with the applicable laws / regulations
- b) All transaction requests will be deemed to be valid, where applications, transaction slips, forms, supporting documents are received at the designated email id.
- c) The timestamp will get generated and affixed on the transaction request once it is received on the server/system of the AMC.
- d) This facility will be provided subject to provisions of cut off timing for applicability of NAV and time stamping requirements, as amended by Securities and Exchange Board of India (SEBI) from time to time and any other applicable laws, rules and regulations as may be enforced from time to time. For the purpose of determining the applicable NAV in accordance with SEBI (Mutual Funds) Regulations, 1996, the system generated date and time on the transmitted email received at server / system of the AMC and availability of funds for utilization for the same shall be considered.
- e) Any change in the registered email id/contact details of non-individual investor shall be accepted only from the designated officials

- authorized to notify such changes vide board resolutions/authority letter. Further, such change request shall be submitted through physical request letter (or a scanned copy thereof with wet signature of the designated authorized officials) only.
- f) No change in /addition to the bank mandate shall be allowed via email. Change in bank details or addition of bank account of the investor shall be permitted only via the prescribed service request form duly signed by the entity's authorized signatories with wet signature of the designated authorized officials.
- g) Any change in the registered email address/ contact details of the investor shall be accepted only through a physical letter (including scan copy thereof) with wet signature of the designated authorized officials of the entity, duly supported by copy of the board resolutions/authority letter on the entity's letter head
- h) Further, in case the document is executed electronically with a valid DSC or through Aadhaar based e-signatures of the authorized official/s, shall be considered valid, and the same shall be binding on the nonindividual investor even if the same is not received from the registered email id of authorized officials. However, the domain name of the email ID through which such email is received should be the same as the non-individual investor's official domain name.
- i) The AMC shall act in good faith and shall take necessary steps in connection with the email requests received regardless of the value involved and the same shall be binding on the investor. The Wealth Company Mutual Fund (The Wealth Company Mutual Fund), Pantomath Trustee Pvt. Ltd. (Trustee) or AMC will not be held responsible/liable for any loss, if any, suffered by the investor or any other person for processing such transactions.
- j) The investor acknowledges that it is in the nature of telecommunication services that transmissions/ emails may not be properly received or emails may not be received or may be inadvertently read or may be erroneous or made known to unauthorised persons. Investor agrees that all the risks, errors or breaches shall be borne by the investor and The Wealth Company Mutual Fund, Trustees, the AMC shall not be responsible/liable for any claims, liability, loss, damage, cost or expenses arising from such risks, errors or breach of confidentiality. However The Wealth Company Mutual Fund will be taking necessary safeguard measures to ensure security of email communications
- k) At the request of the investor, the AMC is hereby requested and authorised, but is not obliged, to process the transactions as per email submissions received from time to time from investors and otherwise to rely upon and act in accordance with email Submission which is signed, or is believed to have been signed by any person authorised by the documents governing the arrangement between the the AMC and the Investor.
- l) It is further mutually agreed that if any other permission is required under the provisions of law for processing such requests / instructions, the investor shall be solely liable and responsible for any failure to comply with such provisions of laws, rules and regulations. The investor will keep the The Wealth Company Mutual Fund, Trustee, the AMC fully absolved and indemnified with respect to any violation of such laws, rules and regulations and consequences thereafter in case of such violation mentioned hereinabove.
- m) It is agreed by the parties that the AMC need not confirm (whether orally, in writing or otherwise) any email Submission or verify the identity of the person making or giving or purporting to make or give any email Submission.
- n) Investor agrees that security procedures adopted by the AMC may include signature verification, telephonic call backs or a combination of the same, that may be recorded and investor consents to such recording and agrees to co-operate with the AMC to enable confirmation of such electronic transactions. However, the AMC shall be under no duty to prescribe or adopt any procedures for the purpose of such confirmations or verification and any such procedure prescribed or adopted by the AMC shall not impose upon the the AMC any obligation to adopt or comply with the same in any or every instance.
- o) The entity availing the facility for submitting the financial transactions via email shall retain records of such transactions in line with the applicable laws/ regulations.

### iii) COMPUTATION OF NAV

#### A. Policy of computation of NAV and Policy for computation of NAV in foreign Securities

The AMC shall compute NAV of the Units of the Scheme by dividing the net assets of the Scheme 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 Eighth Schedule of the Regulations, or such guidelines / recommendations as may be specified by SEBI from time to time.

- a. NAV of Units under the Scheme will be calculated as shown below:

$$\text{NAV} = \frac{\text{Market/Fair value of Scheme's Investments} + \text{Current Assets} - \text{Current Liabilities and Provisions}}{\text{Number of units outstanding under Scheme/Plan}}$$

- b. NAV for the Scheme and the repurchase prices of the Units will be calculated and announced at the close of each Business Day. The NAV of Direct Plan will be different than the NAV of Regular Plan.
- c. Mutual Funds shall round off NAV up to four decimal places for index funds and all types of debt oriented schemes. For all equity oriented and balanced fund schemes, Mutual Funds shall round off NAVs up to two decimal places. However, Mutual Funds can round off the NAVs up to more than two decimal places in case of equity oriented and balanced fund schemes. In case of any deviation to this rule, respective scheme offer document will mention the decimals up to which NAV's will be rounded off.
- d. Illustrations for computation of NAV:

Market or Fair Value of Scheme's investments = Rs. 10,00,00,000  
 Current assets including accrued income = Rs. 10,00,000  
 Current Liabilities and provisions including accrued expenses = Rs.2,00,000  
 No. of units outstanding under the scheme = 10000000  
 Hence NAV of the scheme will be = Rs. 10.0800

As required under the Regulations, the asset management Company shall ensure that the repurchase price of an open-ended scheme shall not be lower than 95% of the Net Asset Value.

- e. In case of schemes is having IDCW option, computation of NAV will be done after taking into account IDCWs paid, if any, and the distribution tax thereon, if applicable. Therefore, once IDCWs are distributed under the IDCW Option, the NAV of the Units under the IDCW Option would always remain lower than the NAV of the Units issued under the Growth Option.
- f. The first NAV of a new scheme shall be declared within 5 working days form the allotment.
- g. The NAVs of the Schemes will be calculated and disclosed basis the timelines mentioned above on the website of The Wealth Company Mutual Fund viz. [www.wealthcompanyamc.in/](http://www.wealthcompanyamc.in/) and AMFI's website [www.amfiindia.com](http://www.amfiindia.com).

On the valuation day, all the assets and liabilities in foreign currency will be valued in Indian Rupees based on applicable Foreign Exchange rate as defined in the valuation policy. The Trustees/AMC reserves the right to change the source for determining the exchange rate. The reasons for the change in the source for determining the exchange rate will be recorded in writing.

Valuation of the scheme's assets, calculation of the scheme's NAV and the accounting policies & standards will be subject to such norms and guidelines that SEBI may prescribe from time to time and shall be subject to audit on an annual basis.

The NAVs of the Scheme/plans will be calculated by the Mutual Fund on each Business Day and will be made available as per the timelines mentioned in SID.

- h. **Computation of NAV & NAV disclosure timeline:** Refer to the scheme information document for the methodology of computation of NAV and NAV disclosure timeline.

#### B. Procedure in case of delay in disclosure of NAV

Delay beyond 10 a.m. of the following business day in case of Fund of Fund schemes and 11:00 p.m. on the same day for all other schemes shall be explained in writing to AMFI.

The Wealth Company Mutual Fund shall report in the quarterly Compliance Test Reports (CTRs) the number of days when mutual funds were not able to adhere to the above-mentioned time limit for uploading their NAVs on the AMFI website with reasons thereof and the corrective action taken by the AMC to reduce the number of such occurrences.

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 shall be issued giving reasons for the delay and explaining when the Mutual Fund would be able to publish the NAV.

## RIGHTS OF UNITHOLDERS OF THE SCHEME

The following are the rights of the unitholders:

26. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
27. When the Mutual Fund declares an Income Distribution cum Capital Withdrawal (IDCW)/dividend under a scheme, IDCW/dividend warrants shall be dispatched to the Unit Holders Within 7 Working days from the record date of IDCW/dividend. Consolidated Account Statement ('CAS') at mutual fund industry level for each calendar month will be issued on or before 15th day of succeeding month to all unit holders having financial transactions and who have provided valid Permanent Account Number (PAN). For folios not included in the CAS, the AMC shall issue a monthly account statement to the unit holders, pursuant to any financial transaction done in such folios; the monthly statement will be send on or before 15th day of succeeding month. In case of a specific request received from the unit holders, the AMC shall provide the account statement to the unit holder within 5 Business days from the receipt of such request. If a Unit holder so desires the Mutual Fund shall issue a unit certificate (non - transferable) within 5 Business Days of the receipt of request for the certificate.
28. The Mutual shall dispatch redemption or repurchase proceeds within 3 working days of accepting the valid redemption or repurchase request. Further in case of exceptional scenario as prescribed by AMFI vide its communication no. AMFI/35P/MEM-COR/74/2022-23 dated January 16, 2023, read with clause 14.1.3 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated June 27, 2024 (SEBI Master Circular), the AMC may not be able to adhere with the timelines prescribed above.
29. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
30. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
31. 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.
32. The Trustee shall obtain the consent of the Unit holders:
  - whenever required to do so by SEBI, in the interest of the Unit holders.
  - whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme.
  - when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
  - The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless:
    - (iii) a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
    - (iv) the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.
33. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

## INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

### Background

#### A. Equity and Related Instruments

Asset Class	Traded / Non traded	Basis of valuation
Equity and Equity related securities / Preference Shares	Traded	<p>1. Equity and Equity related securities AMC has chosen the National Stock Exchange (NSE) as the Principal Stock Exchange for all its equity and equity-related securities. The specific Stock Exchange for valuation is mentioned in the scheme offer document.</p> <p>For Index Funds, the Principal Stock Exchange will be the Exchange where the benchmark index has been created.</p> <p><b>Valuation of Traded Securities:</b></p> <p>a) Traded securities will be valued at the day's closing price on the NSE.</p> <p>b) If a security is not traded on the NSE on a particular day, the closing price on the Bombay Stock Exchange Limited (BSE) will be considered for valuation.</p> <p>c) If a security is not traded on any stock exchange on a specific valuation day, the value at which it was traded on the National Stock Exchange or the Bombay Stock Exchange, whichever is earlier, on the preceding day will be used. However, this date must not be more than thirty days prior to the valuation date.</p> <p>d) If equity securities are not traded on any stock exchange for a period of thirty days prior to the valuation date, the scrip must be treated as 'non-traded' and valued as a non-traded security according to the separate norms provided in the Equity Section Non-Traded.</p> <p>e) If equity securities are not listed on any stock exchange, the scrip will be valued as per the separate norms provided in the Equity Section Non-Traded.</p> <p>2. <b>Derivatives – Equity/Index Options and Futures</b></p> <p>a) Equity/Index Options:</p> <p>i. Market values of traded option contracts shall be determined based on the exchange on which they are originally contracted. For instance, if an option is contracted on the NSE, its market value would be calculated using the settlement price of the NSE.</p> <p>ii. The exchanges provide daily settlement prices for all derivatives positions. These settlement prices will be adopted for valuing positions that are not traded.</p> <p>b) Equity/Index Futures:</p> <p>i. Market values of traded futures contracts shall be determined based on the exchange on which they are originally contracted. For example, if a futures position is contracted on the NSE, its market value would be calculated using the settlement price of the NSE.</p> <p>ii. The exchanges provide daily settlement prices for all derivatives positions. These settlement prices will be adopted for valuing positions that are not traded.</p>
Equity and Equity related securities/ Preference Shares	Non-Traded	<p>1. Application Money for Primary Market Issue Application money should be valued at cost up to 30 days from the closure of the issue or traded price whichever is earlier. If the security is not allotted / traded within 30 days from the closure of the issue, application money is to be valued as per the directives of valuation committee, which shall be ratified in the next board meeting. Rationale of valuing such application money should also be recorded.</p> <p>2. Thinly Traded Equity/Non-Traded Thinly Traded: When trading in an equity or equity-related security (like convertible debentures, equity warrants, etc.) within a month, the trade value is less than ₹ 5,00,000, and the total volume is less than 50,000 shares, it's considered a thinly traded security and valued accordingly. To determine if a security is thinly traded, only volumes traded on the NSE and BSE are taken into account.</p>

		<p>If a share isn't listed on stock exchanges that provide such information, the Fund must conduct its own analysis to determine if it's thinly traded. If it is, the Fund will value it accordingly.</p> <p>Thinly traded securities will be monitored on a calendar month basis, not a rolling basis. If a security in the Fund's portfolio is classified as thinly traded based on the above criteria, its fair value will be calculated as mentioned below, disregarding the primary and secondary stock exchange prices. This fair valuation will remain in effect for the entire month, even if the security's volume and value exceed the limit in the current month.</p> <p>If trading in an equity security is suspended on the stock exchange for up to 30 days, the last traded price will be used for valuation. If the suspension lasts longer than 30 days, the security will be considered non-traded and valued accordingly.</p> <p><b>Non-Traded:</b> If equity securities are not traded on the NSE and BSE for a period of thirty days before the valuation date, the scrip must be considered as a "non-traded" scrip.</p> <p><b>Equity Shares:</b> Based on the latest audited Balance Sheet, net worth will be calculated as follows:</p> <ol style="list-style-type: none"> <li>i. Net Worth per share = [Share Capital + Reserves (excluding Revaluation Reserves) – Misc. expenditure and Debit Balance in P&amp;L A/c] / Number of Paid-up Shares. This calculation will be based on the latest available audited balance sheet.</li> <li>ii. The average capitalization rate (P/E ratio) for the industry, based on either NSE or BSE data, will be taken and discounted by 75%. Only 25% of the industry average P/E will be considered as the capitalization rate (P/E ratio). The earnings per share (EPS) of the latest audited annual accounts will be used for this purpose.</li> <li>iii. The value calculated based on the net worth value per share and the capital earning value will be averaged and further discounted by 10% to account for thinly. This will result in the fair value per share.</li> <li>iv. If the EPS is negative, the EPS value for that year will be taken as zero to calculate the capitalized earnings.</li> <li>v. If the latest balance sheet of the company is not available within nine months of the year's close, unless the accounting year is changed, the shares of such companies will be valued at zero.</li> <li>vi. If an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer will be appointed to value the security.</li> <li>vii. To determine if a security accounts for more than 5% of the total assets of the scheme, it will be valued using the above procedure. The proportion of the security to the total net assets of the scheme to which it belongs will then be compared on the date of valuation.</li> </ol> <p><b>Convertible Debentures:</b> In the case of convertible debentures and bonds, the non-convertible and convertible components would be valued separately. The non-convertible portion would be valued using the same basis as applicable to a debt instrument. Conversely, the convertible component would be valued based on the same basis as would apply to an equity instrument.</p> <p>If, after conversion, the resulting equity instrument were traded at par with an existing equity instrument that is currently traded, the value of the later instrument could be adopted after applying an appropriate discount for the instrument's non-tradability during the period preceding conversion. While valuing such instruments, it's essential to consider the fact that conversion is optional. The appropriate discount should be approved and factored into the valuation process.</p>
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		<p>The value of the optional conversion shall be determined as follows:</p> <ul style="list-style-type: none"> <li>• If the option to exercise lies with the issuer, the lower of the exercised value and the unexercised value shall be taken.</li> <li>• If the option to exercise lies with the investor, the higher of the exercised value and the unexercised value shall be taken. The valuation shall be approved by the Valuation Committee.</li> </ul> <p><b>Non-Traded Rights Entitlements</b></p> <p>a) Until they are traded, post the rights renunciation period, the value of the “rights” entitlement would be calculated as per the SEBI prescribed formula stated below:</p> $V_r = n/m * (P_{ex} - P_{of})$ <p>where  <math>V_r</math> = Value of Rights  <math>n</math> = Number of rights offered  <math>m</math> = Number of original shares held  <math>P_{ex}</math> = Ex-right price  <math>P_{of}</math> = Rights Offer price  Ratio of Rights i.e. (<math>n/m</math> where <math>n</math> = No. of Rights offered and <math>m</math> = No. of original shares held) will be adjusted in the quantity directly while booking the Rights and hence not considered again for valuation.</p> <p>b) Where the rights are not treated pari-passu with the existing shares, suitable adjustments would be made to the value of rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights would be valued at the renunciation value.</p> <p>c) In case original shares on which the right entitlement accrues are not traded on the Stock Exchange on an ex-right basis, right entitlement should not be recognised as investments.</p> <p>d) Where right entitlements are not traded and it was decided not to subscribe the rights, the right entitlements have to be valued at zero.</p> <p>e) In case the rights offer price is greater than the ex-rights price, the value of the rights share is to be taken as zero.</p> <p>f) Post allotment of the subscription amount for the rights entitlement, it will be valued in line with the normal valuation methodology for valuation of equities.</p> <p><b>Non-Traded Warrants</b>  Warrants can be valued at the value of the share which would be obtained on exercise of the Warrant after applying appropriate discount as decided by valuation committee prorated on a monthly basis after reducing the exercise price / issuance price from the closing price of the underlying cash equity security.</p> <p>If the amount payable on exercise of the warrants is higher than the value of the share, the value of the warrants should be taken as zero.  Value of warrant = (Value of underlying shares – exercise price).</p> <p><b>Non-Traded Preference Shares</b>  Non traded preference shares shall be valued in good faith depending upon the type of the preference Share and after considering illiquidity discount, if any. Valuation of non-traded preference shares would depend on the terms of issue of preference shares. i.e., convertible/non-convertible.</p> <ul style="list-style-type: none"> <li>• Convertible preference shares should be valued like convertible debentures</li> <li>• Non-convertible preference shares should be valued like non-convertible debentures.</li> <li>• In case, dividend is not received, it would be treated as NPA.</li> </ul> <p><b>Shares on De-merger</b>  On de-merger following possibilities arise which influence valuation</p> <p>Both the shares are traded immediately on de-merger: In this case, shares of both the Companies are valued at respective traded prices.</p>
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		<p>Shares of only one company continued to be traded on de-merger: In case one entity is demerged into two or more entities and one of those entities continues to be listed, the value of unlisted entity(ies) will be difference between the closing price of the security on the ex-date (after demerger) and closing price of the security on previous trading day (before demerger) that continues to be listed. The difference in price of two dates will be the valuation price of the unlisted entity(ies) proportionately, till they are listed and traded on a stock exchange. The cost price of new entity/entities would be derived proportionately from the cost price of parent entity.</p> <p>In case the value of the traded security of de-merged entity is equal to or in excess of the value of that entity before de-merger, then the security of the non-traded entity will be valued at zero.</p> <p>In case an unlisted security is not listed within a period of 30 days from the ex-date, the valuation price derived for the demerged security will be reviewed on expiry of 30 days.</p> <p>Both the shares are not traded on de-merger: The price of the shares of the Company one day prior to ex-date of de-merger will be bifurcated over the de-merged shares in the ratio of cost of shares of each demerged entity or on the basis of net assets transferred if the same is available from the Company and any other relevant factors.</p> <p>In case shares of both the companies are not traded for more than 30 days, these are to be treated as unlisted security and valued accordingly.</p> <p>On merger/demerger, in case the company specifies any regulations/ method for cost bifurcation or valuation the same will be adopted. In case the above methodology does not derive the fair valuation of demerged entities; the same may be determined by the Valuation Committee on case-to-case basis.</p> <p><b>Merger/ Amalgamation:</b></p> <p>The valuation of the resulting company would be determined by the valuation of the merging or amalgamating company immediately before the ex-date of the merger or amalgamation.</p> <ul style="list-style-type: none"> <li>• In the case of listed merging or amalgamating companies, the valuation of the resulting companies would be the sum of the valuations of the entities immediately prior to the merger date. However, if a listed company merges into an unlisted surviving company, the surviving company should be valued at the traded value of the merging company immediately before the merger.</li> </ul> <p>For example:</p> <ol style="list-style-type: none"> <li>1. If Company A merges with Company B to form Company C, Company C would be valued at the sum of the valuations of A and B.</li> <li>2. If Company A, a listed company, merges with Company B, an unlisted company, Company B would be valued at the traded price of Company A immediately before the merger.</li> </ol> <ul style="list-style-type: none"> <li>• In the case of one of the merging or amalgamating companies being unlisted, the valuation of the resulting companies would be based on fair valuation principles as guided by the valuation committee.</li> <li>• If the above companies remain unlisted for more than three months, an illiquidity discount may be applied to the derived prices based on the market capitalization of the issuer. The discount rates would be 5%, 10%, and 15% for large-cap, mid-cap, and small-cap companies, respectively.</li> <li>• In the case of listed companies, the valuation committee may decide on a fair value other than the ones mentioned above, considering the specific facts of each case on a case-by-case basis. Further guidance from the valuation committee would be sought for any exceptional cases not covered in the above guidelines.</li> </ul>
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		<p><b>Partly Paid-up Equity Shares</b></p> <p><b>Non-traded:</b> If traded, the value of fully paid shares shall be reduced by the uncalled liability per share to derive the price of non-traded partly paid shares.</p> <p>If fully paid-up shares are not traded, the valuation principles for valuing non-traded equity shares shall be applied to fully paid-up on-traded shares (with appropriate illiquidity discounts) and then reduced by the uncalled liability per share to determine the value of non-traded partly paid shares.</p> <p><b>Thinly Traded:</b> Partly paid shares should be valued at the lower of the following two prices:</p> <ul style="list-style-type: none"> <li>• The current closing price per share of fully paid-up shares minus the uncalled amount per share of partly paid shares, and</li> <li>• The closing price of the partly paid share if it has not been traded on any specific valuation day (not exceeding the last 30 days).</li> </ul>
Equity and Equity related securities/ Preference Shares	Suspended equity securities	<ul style="list-style-type: none"> <li>• In case trading in an equity security is suspended for trading on the stock exchange, the last traded price would be considered for valuation of that security upto 30 days.</li> <li>• If an equity security remains suspended for trading on the stock exchange for more than 30 days, then it would be considered as non-traded and valued accordingly.</li> </ul>
Equity and Equity related securities/ Preference Shares	Unlisted Equity Shares	<p>Unlisted equity shares of a Company shall be valued “in good faith” on the basis of the valuation principles laid down below:</p> <p>a. Based on the latest available audited balance sheet, net worth shall be calculated as lower of (i) and (ii) below:</p> <p>(i) Net worth per share = [share capital plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by Number of Paid-up Shares.</p> <p>(ii) Net worth per share shall again be calculated after taking into account the outstanding warrants and options, and shall be = [share capital plus consideration on exercise of Option/Warrants received/receivable by the Company plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by {Number of Paid up Shares plus Number of Shares that would be obtained on conversion/ exercise of Outstanding Warrants and Options}.</p> <p>The lower of (i) and (ii) above shall be used for calculation of net worth per share and for further calculation in (c) below.</p> <p>b. Average capitalization rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the industry average P/E shall be taken as capitalization rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.</p> <p>c. The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15% for illiquidity so as to arrive at the fair value per share.</p> <p>The above methodology for valuation shall be subject to the following conditions:</p> <ol style="list-style-type: none"> <li>i. All calculations as aforesaid shall be based on audited accounts.</li> <li>ii. In case where the latest balance sheet of the Company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.</li> <li>iii. If the net worth of the Company is negative, the share would be marked down to zero.</li> <li>iv. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalized earning.</li> <li>v. In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued in accordance with the procedure as mentioned above on the date of valuation.</li> </ol>

Equity and Equity related securities/ Preference Shares	Illiquid Securities	<ol style="list-style-type: none"> <li>Aggregate value of "illiquid securities" of Scheme, which are defined as non- traded and unlisted equity shares, shall not exceed 15% of the total assets of the Scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.</li> <li>All funds shall disclose as on March 31 and September 30 the Scheme- wise total illiquid securities in value and percentage of the net assets while making disclosures of half yearly portfolios to the unit holders. In the list of investments, an asterisk mark shall also be given against all such investments, which are recognized as illiquid securities.</li> </ol>
Equity and Equity related securities/ Preference Shares	Inter-Scheme Transfers	Inter-scheme transfers of equity securities would be impacted by the prevailing spot market price of the security at the time of the transfer. To achieve this, a record of the security's quoted prices on the relative stock exchange (e.g., NSE/BSE) or through the Bloomberg Terminal would be obtained. This record would include the date, time, and current quoted price. The price quoted on the stock exchange would serve as the effective price for the inter-scheme transfer.
Valuation of Convertible Debentures and Bonds		<ul style="list-style-type: none"> <li>As per the Eighth Schedule of SEBI (Mutual Fund) Regulation, the valuation method for convertible debentures and bonds prescribed by Mutual Funds will be followed. In this regard, the non-convertible and convertible components of these instruments will be valued separately. The non-convertible component should be valued based on the same principles applicable to a debt instrument. Conversely, the convertible component should be valued based on the principles applicable to an equity instrument.</li> <li>If, after conversion, the resulting equity instrument would be traded at par with an existing instrument that is currently traded, the value of the latter instrument can be adopted. However, an appropriate discount should be applied for the non-tradability of the instrument during the period preceding conversion while valuing such instruments. Additionally, the fact that the conversion is optional should also be considered during valuation.</li> </ul>
Valuation of Warrants	Non-Traded	<p>Warrants can be valued at the value of the share which would be obtained on exercise of the Warrant after applying appropriate discount as decided by valuation committee prorated on a monthly basis after reducing the exercise price / issuance price from the closing price of the underlying cash equity security.</p> <p>If the amount payable on exercise of the warrants is higher than the value of the share, the value of the warrants should be taken as zero. Value of warrant = (Value of underlying shares – exercise price).</p>
Value of "Rights" entitlement	Non-Traded	<ol style="list-style-type: none"> <li>Until they are traded, post the rights renunciation period, the value of the "rights" entitlement would be calculated as per the SEBI prescribed formula stated below:   <math display="block">V_r = n/m * (P_{ex} - P_{of})</math>           where  <math>V_r</math> = Value of Rights  <math>n</math> = Number of rights offered  <math>m</math> = Number of original shares held  <math>P_{ex}</math> = Ex-right price  <math>P_{of}</math> = Rights Offer price            Ratio of Rights i.e. (<math>n/m</math> where <math>n</math> = No. of Rights offered and <math>m</math> = No. of original shares held) will be adjusted in the quantity directly while booking the Rights and hence not considered again for valuation.         </li> <li>Where the rights are not treated pari-passu with the existing shares, suitable adjustments would be made to the value of rights. Where it is decided not to subscribe for the rights but to renounce them and</li> </ol>

		<p>renunciations are being traded, the rights would be valued at the renunciation value.</p> <p>c. In case original shares on which the right entitlement accrues are not traded on the Stock Exchange on an ex-right basis, right entitlement should not be recognised as investments.</p> <p>d. Where right entitlements are not traded and it was decided not to subscribe the rights, the right entitlements have to be valued at zero.</p> <p>e. In case the rights offer price is greater than the ex-rights price, the value of the rights share is to be taken as zero.</p> <p>Post allotment of the subscription amount for the rights entitlement, it will be valued in line with the normal valuation methodology for valuation of equities.</p>
Equity and Equity related securities	Foreign Equity	<p>On the Valuation Day, the securities issued outside India and listed on the stock exchanges outside India shall be valued at the closing price on the stock exchange at which it is listed or at the last available traded price. However, in case a security is listed on more than one stock exchange, the AMC reserves the right to determine the stock exchange, the price of which would be used for the purpose of valuation of that security. The stock exchange once selected would be used consistently till changed by recording the reasons in writing by Board of AMC.</p> <p>In case a security is not traded on valuation day, the last traded price/last available price would be used for valuation till T – 30 days. In case security is not traded for more than 30 days, the same would be valued on a fair value basis by the Valuation Committee of the AMC.</p> <p>On valuation date, all assets and liabilities in foreign currency shall be valued in Indian Rupees at the RBI/FBIL reference rate as available at 05:00 p.m. on the relevant business day in India. For Currencies where RBI/FBIL reference rate is not available, Bloomberg/Reuters/any other designated agency shall be used. If required, the AMC may change the source of determining the exchange rate.</p> <p>The Trustees reserve the right to change the source for determining the exchange rate. The exchange gain / loss resulting from the aforesaid conversion shall be recognized as unrealized exchange gain / loss in the books of the Scheme on the day of valuation. Further, the exchange gain / loss resulting from the settlement of assets / liabilities denominated in foreign currency shall be recognized as realized exchange gain / loss in the books of the scheme on the settlement of such assets / liabilities.</p> <p>The procedure for valuing investments in foreign equities is outlined as follows:</p> <p>a. Select the most appropriate stock exchange for all equity and equity-related securities held by the schemes.</p> <p>b. The closing prices of securities available will be taken for valuation. If these prices are unavailable, the last traded price will be considered</p> <p>In addition to the above the accounting / valuation for currency rates is given below:</p> <p>a. When investing in or selling securities, the record of the purchase or sale will be logged in the portfolio currency of Indian Rupees (INR). The cost of the purchase or sale, including brokerage and other fees, will be converted to INR at the agreed exchange rate.</p> <p>b. At the time of settlement, the difference between the FX reference rate on the trade date and the actual FX rate used for settlement will be classified as a gain or loss due to fluctuation in foreign exchange.</p> <p>c. Every day, when the closing prices and the currency rates are received, they will be applied to the portfolio, and the unrealized capital gain and FX gain will be calculated separately.</p> <p><b>Valuation of ADR/GDR</b></p> <p>If a security such as ADR/GDR, etc. are traded in OTC (over the counter) market, in such cases closing price (source: Reuters/Bloomberg) in OTC market will be considered for valuation.</p> <p>Non -traded ADR /GDRs shall be valued after considering prices/ issue terms of underlying security. The Valuation Committee shall decide the appropriate discount for illiquidity. Non-traded foreign security shall be</p>

		valued by AMC at fair value after considering relevant factors on a case-to-case basis.
Valuation of Repo		Valuation of repurchase (repo) transactions including TREPS with tenor of up to 30 days except for overnight repos shall be valued at mark to market basis based on Valuation provided by Valuation Agencies. Overnight repos including TREPS will be valued at cost plus accrual basis.
Equity and Equity related securities	Initial Public Offering (IPO) Application	Prior to allotment - Valued at Bid (cost) price. Recognition and valuation would start from the date of allotment. Post allotment but awaiting listing – to be valued at allotment price. Pending listing, securities shall be valued as follows: <ul style="list-style-type: none"> <li>• At their cost, up to two months from the date of allotment.</li> <li>• Valued as unlisted equity shares after two months.</li> </ul>
Equity and Equity related securities	Valuation of Mutual Fund Units	Mutual Fund Units listed and traded would be valued at their closing traded price on the valuation date. Unlisted Mutual Fund Units and listed but not traded Mutual Fund Units would be valued at the last declared NAV on the AMFI website on the valuation date.
Equity and Equity related securities	Valuation of Securities Lending & Borrowing	The valuation of securities lent under the Securities Lending Scheme shall be valued as per the valuation guideline of the respective security as mentioned in this document. The lending fees received for the securities lent out would be accrued in a proportionate manner till maturity of the contract.

## Valuation of Fixed income and related securities

Category	Policy
Valuation of Debt/ Money market securities	<p>Money Market and Debt Instruments include Certificates of Deposit (CDs), Fixed Coupon Bonds, Zero Coupon Bonds, Pass-Through Certificates, Floating Rate Securities (FRNs), Commercial paper, and Bank Rate Discounted Securities (BRDS), among others.</p> <p>These instruments shall be valued at an average of their security level prices obtained from AMFI approved valuation agencies (CRISIL and ICRA).</p> <ul style="list-style-type: none"> <li>• In the event that the security level prices provided by valuation agencies are unavailable for a new security (which is currently not held by any Mutual Fund), the security may be valued at the purchase yield on the date of allotment or purchase.</li> <li>• The valuation Committee shall be responsible for monitoring abnormal situations and market disruptions that may prevent the obtainability or adequacy of current market information for the valuation of securities. These cases shall be reported to the Board from time to time.</li> <li>• Any changes in the policy due to clarification or communication from AMFI or internal sources shall be communicated to the Board on a regular basis.</li> </ul> <p>The embedded securities option would be valued at the following:</p> <p><b>a) Securities with call option:</b> The securities with call options shall be valued at the lower of the value calculated by valuing the security to its final maturity and valuing the security to the call option. If there are multiple call options, the lowest value obtained by valuing the security to each call date and valuing it to the maturity date is to be considered the instrument's value.</p> <p><b>b) Securities with Put option:</b> The securities with a put option shall be valued at the higher of the value calculated by valuing the security to its final maturity and valuing the security to the put option. If there are multiple put options, the highest value obtained by valuing the security to each put date and valuing it to the maturity date is to be considered the instrument's value.</p> <p><b>c) Securities with multiple put options present ab-initio</b> In the case of securities with multiple put options present from the outset, where the put option is factored into the security's valuation by the valuation agency, if the fund does not exercise the put option while exercising it would have favoured the scheme, the following steps must be taken:</p> <ol style="list-style-type: none"> <li>i. The mutual fund (MF) must provide justification for not exercising the put option to the valuation agencies (AMC and Trustee Board) before the last date of the notice period.</li> <li>ii. The valuation agencies should not consider the remaining put options for the purpose of valuing the security. Put option will be considered in favour of the scheme if the valuation price, ignoring the put option, yields a return of more than 30 basis points (bps) over the contractual yield or coupon rate.</li> </ol> <p><b>d) Securities with both Put and Call option on the same day:</b> Only securities with put and call options on the same day and having the same put and call option price will be deemed to mature on that put or call date and valued accordingly. In all other cases, the cash flow of each put or call option will be evaluated, and the security will be valued based on the following steps:</p> <ol style="list-style-type: none"> <li>i. Identify a 'Put Trigger Date': This is the date when the 'price to put option' is the highest compared to other put options and the maturity price.</li> <li>ii. Identify a 'Call Trigger Date': This is the date when the 'price to call option' is the lowest compared to other call options and the maturity price.</li> <li>iii. If neither a Put Trigger Date nor a Call Trigger Date ('Trigger Date') is available, the valuation will be done based on the maturity price.</li> <li>iv. If only one Trigger Date is available, the valuation will be done based on that Trigger Date.</li> <li>v. If both Trigger Dates are available, the valuation will be done based on the earlier Trigger Date.</li> </ol> <p>If a Mutual Fund fails to exercise a put option that would have favoured the scheme, the Mutual Fund must provide a justification to the Valuation Agencies, the Board of AMC, and the Trustee Co. before the end of the notice period.</p> <p>The Valuation Agencies should not consider the remaining put options when valuing the security.</p>

	The put option is considered in favour of the scheme if the valuation price, excluding the put option under evaluation, yields more than the contractual yield or coupon rate by 30 basis points.														
Government Securities	Central Government Securities (CGs), State Development Loans (SDLs), Treasury Bills, Cash Management Bills, and other securities shall be valued based on the average of security level prices obtained from valuation agencies.														
Interest Rate Swaps/ Forward Rate Agreements	Regardless of the remaining maturity, IRS and FRAs shall be valued at the average of the security level prices obtained from valuation agencies.														
Bank Fixed Deposits, TRI-PARTY REPO/ TREPS*, Reverse Repo, Repo, Corporate Bond Repo, CROMS	<p>Deposits with banks shall be valued at the cost plus accrual basis. In the event of a prepayment penalty, the accrual rate for that period would be the applicable rate minus any prepayment penalty.</p> <p>Valuation of repurchase (repo) transactions including TREPS with tenor of up to 30 days except for overnight repos shall also be valued at mark to market basis based on Valuation provided by Valuation Agencies. The same should be accordance to SEBI Circular SEBI/HO/IMD/IMD-I PoD-1/P/CIR/2024/163 dated November 26, 2024.</p> <p>However, if the security level prices provided by valuation agencies are unavailable (which is currently not held by any Mutual Fund), then these securities will be valued at the purchase yield on the date of purchase.</p>														
Valuation of AT-1 and Tier II bonds issued under Basel III.	<p>Valuation of AT-1 and Tier II bonds issued under Basel III framework. AT-1 / Tier II bonds will be valued at average of the security level prices provided by Valuation Agencies. For arriving at security level pricing, waterfall approach to be followed by Valuation agencies is annexed as follows :</p> <ol style="list-style-type: none"> <li>Reference is drawn to clause 9.3.1.1 and clause 9.4.2 of the Master Circular dated June 27, 2024 for Mutual Funds ("Master Circular"), on valuation of bonds with multiple call options.</li> <li>National Financial Reporting Authority (NFRA), in its report to Department of Economic Affairs, Ministry of Finance, has recommended that since the market practice for AT-1 bonds has been observed to trade at or quote prices closer to Yield to Call (YTC) basis, valuation of AT-1 Bonds on Yield to Call basis (adjusted with appropriate risk spreads) will be consistent with the principles of market-based measurement under Ind AS 113.</li> <li>NFRA, in its report, has further stated that the above recommendation on YTC methodology is confined only to the interpretation of Ind AS 113 with reference to the valuation of AT-1 bonds and the issue of deemed maturity date for other purposes is outside NFRA's remit.</li> <li>In view of the above, to align the valuation methodology with the recommendation of NFRA, it has been decided that the valuation of AT-1 Bonds by Mutual Funds shall be based on Yield to Call.</li> <li>For all other purposes, since liquidity risk of perpetual bonds is required to be suitably captured, deemed maturity of all perpetual bonds shall continue to be in line with the clause 9.4.2 of the Master Circular</li> </ol> <p><b>I. Deemed Residual Maturity of Bonds</b> Deemed Residual Maturity for the Purpose of Calculation of Macaulay Duration for existing as well as new perpetual bonds issued:</p> <table border="1"> <thead> <tr> <th>Time Period Bonds (Years)#</th> <th>Deemed Residual Maturity of Base III AT-1</th> </tr> </thead> <tbody> <tr> <td>Till March 31, 2022</td> <td>10</td> </tr> <tr> <td>April 01, 2022 – September 31, 2022</td> <td>20</td> </tr> <tr> <td>October 01, 2022 – March 31, 2023</td> <td>30</td> </tr> <tr> <td>March 31, 2023, onwards</td> <td>100</td> </tr> </tbody> </table> <p># the residual maturity will always remain above the deemed residual maturity proposed above</p> <table border="1"> <thead> <tr> <th>Time Period</th> <th>Deemed Residual Maturity of Basel III Tier II Bonds (Years) April 01, 2021 – March 31, 2022, onwards</th> </tr> </thead> <tbody> <tr> <td></td> <td>10 years or contractual maturity whichever is earlier April 01, 2022, Contractual Maturity</td> </tr> </tbody> </table> <p>The Macaulay Duration is proposed to be calculated as under for Tier II bonds:</p> <ol style="list-style-type: none"> <li>If the issuer does not exercise call option for any ISIN, then maturity of bonds to be considered as 100 years from the date of issuance of AT-1 bonds and contractual maturity of Tier II Bonds for all the ISINs of the said issuer.</li> <li>If the non-exercise of call option is due to financial stress or in case of adverse news, the same must be reflected in the valuation.</li> </ol>	Time Period Bonds (Years)#	Deemed Residual Maturity of Base III AT-1	Till March 31, 2022	10	April 01, 2022 – September 31, 2022	20	October 01, 2022 – March 31, 2023	30	March 31, 2023, onwards	100	Time Period	Deemed Residual Maturity of Basel III Tier II Bonds (Years) April 01, 2021 – March 31, 2022, onwards		10 years or contractual maturity whichever is earlier April 01, 2022, Contractual Maturity
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Time Period	Deemed Residual Maturity of Basel III Tier II Bonds (Years) April 01, 2021 – March 31, 2022, onwards														
	10 years or contractual maturity whichever is earlier April 01, 2022, Contractual Maturity														

	<p><b>II. Guidelines for Valuation</b></p> <p><b>1. Form two types of ISINs:</b></p> <ol style="list-style-type: none"> <li>Benchmark ISINs (a non- benchmark ISIN can be linked to only one benchmark ISIN. Currently, SBI ISINs happens to be the benchmark ISINs across all maturities for AT-1 Bonds.)</li> <li>Non-benchmark ISINs (Will be divided into multiple groups based on similar issuer and similar maturity).</li> <li>The groups will be decided in consultation with valuation agencies. The two main criteria envisaged to be used here would be Tier 1 / Tier 2 ratings of the ISINs / Issuers, and the spread range in which the group of ISINs / Issuer's trade over the benchmark.</li> </ol> <p><b>2. Take a look back period for trade recognition as under:</b></p> <ol style="list-style-type: none"> <li>15 working days for benchmark ISINs</li> <li>30 working days for non- benchmark ISINs</li> <li>This will be revised to 7 working days for benchmark ISIN and 15 working days for non- benchmark ISINs from October 01, 2021.</li> </ol> <p><b>Note 1</b></p> <ol style="list-style-type: none"> <li>If the ISIN gets traded, the traded YTM will be taken for the purpose of valuation. If 1 ISIN of the issuer trades all other ISINs of issuers will be considered as traded but with necessary adjustment of spread to YTM</li> <li>If none of the ISIN of the issuer gets traded, the trade of similar issuer in the group will be taken to valuation however with necessary adjustment of spread to YTM of similar issuer similar maturity. If none of the ISIN in a group gets traded on any particular day, an actual trade in a look back period will be seen.</li> <li>If there is an actual trade in look back period the security will be considered as traded and valued with necessary adjustment of spread to YTM. According to this valuation will be done based on the trade of issuer, trade of similar issuer and as an additional layer a look back period of is requested. It is confirmed that spread over YTM will be taken without any adjustment of modified duration to call.</li> </ol> <p><b>Note 2</b></p> <p>As the valuation is based on trade during the look back period, it is confirmed that a spread will be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.</p> <p><b>Note 3</b></p> <p>If there is no actual trade of any ISIN of the issuer as well as similar issuer during look back period also then valuation will be done by taking spread over matrix and/or polling in line with the waterfall mechanism prescribed by AMFI.</p> <p><b>Note 4</b></p> <p>AT-1 bonds and Tier 2 bonds being different categories of bonds, the valuation of these bonds will be done separately (i.e.) ISIN of AT-1 bond traded will not mean that ISIN of Tier-2 bonds of the same issuer have also traded. However, if any issuer does not exercise call option for any ISIN, then the valuation and calculation of Macaulay Duration should be done considering maturity of 100 years from the date of issuance for AT-1 Bonds and Contractual Maturity for Tier 2 bonds, for all ISINs of the issuer</p>
Units of REIT and Inv IT	<ul style="list-style-type: none"> <li>On a valuation day, traded units of InvIT/REITs are to be valued at the last quoted closing price on the primary stock exchange.</li> <li>When on a particular valuation day, units of InvIT/REITs have not been traded on the primary stock exchange; the value at which it is traded on secondary stock exchange will be used.</li> <li>When units of InvITs and REITs are not traded on any stock exchange on a particular valuation day, the value at which these were traded on the selected stock exchange or any other stock exchange, as the case may be, on any day immediately prior to valuation day, shall be considered for valuation provided that such date is not more than thirty days prior to the valuation date.</li> <li>Where units of InvITs and REITs are not traded on any stock exchange for a continuous period of 30 days then the valuation for such units of InvITs and REITs will be determined by the Valuation Committee in consultation with the Internal Auditors or independent valuation agencies as deemed appropriate by the Valuation Committee from time to time.</li> </ul> <p>In addition to the above, if the valuation of units of InvITs and REITs is provided by the independent agency as approved by AMFI, AMC may get into an arrangement with such agency to provide security level price for Valuation.</p>

Inter scheme transfers of debt securities	<ul style="list-style-type: none"> <li>• AMCs shall request pricing information for IST from valuation agencies for any money market or debt security, regardless of its maturity.</li> <li>• AMFI, in collaboration with valuation agencies, shall determine a turnaround time (TAT) within which IST prices will be provided by the agencies.</li> <li>• If prices from the valuation agencies are received within the pre-agreed TAT, an average of these prices will be used for IST pricing.</li> <li>• If only one valuation agency provides a price within the agreed TAT, that price will be used for IST pricing.</li> <li>• If prices are not received from any valuation agency within the agreed TAT, AMCs may determine the IST price in accordance with Clause 3 (a) of the Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996.</li> </ul> <p>Clause 3 (a) specifies that such transfers are executed at the prevailing market price for the quoted instruments on a spot basis.</p>																																								
Non - Investment Grade Securities	<ul style="list-style-type: none"> <li>• A money market or debt security is classified as “below investment grade” if its long-term rating, issued by a SEBI-registered Credit Rating Agency (CRA), falls below BBB or if its short-term rating is below A3.</li> <li>• It is classified as “Default” if the interest and/or principal amount has not been received on the due date or when the security has been downgraded to “Default” grade by a CRA. In such cases, Mutual Funds must promptly inform valuation agencies and CRAs of any instances of non-receipt of interest and/or principal amount (part or full) in any security.</li> </ul> <p>Para 2.0 of SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/41 dated March 22, 2019 provides for valuation of money market and debt securities at prices provided by the valuation agencies notified by AMFI. Till the time provided by the agencies scrip level valuation is not available from the agency’s securities are to be valued on the basis of indicative haircuts. These indicative haircuts shall be applied on the date of credit event i.e. migration of the security to sub-investment grade and shall continue till the valuation agencies compute the valuation price of such securities. These haircuts shall be updated and refined as and when there is availability of material information which impacts the haircuts. During this period if there are trades in the security it may be considered for valuation if it is lower than the price post standard haircut. The minimum trade size in such cases will be determined by the valuation agencies.</p> <p>The current indicative haircuts, as determined by the valuation agencies and communicated by AMFI, are:</p> <p>For senior, secured securities</p> <table border="1" data-bbox="542 1157 1425 1371"> <thead> <tr> <th>Rating/ sector</th> <th>Infrastructure, Regal Estate, Hotels, Loan against shares and Hospitals</th> <th>Other Manufacturing and Financial Institutions</th> <th>Trading, Gems Jewellery and Others</th> </tr> </thead> <tbody> <tr> <td>BB</td> <td>15%</td> <td>20%</td> <td>25%</td> </tr> <tr> <td>B</td> <td>25%</td> <td>40%</td> <td>50%</td> </tr> <tr> <td>C</td> <td>35%</td> <td>55%</td> <td>70%</td> </tr> <tr> <td>D</td> <td>50%</td> <td>75%</td> <td>100%</td> </tr> </tbody> </table> <p>For subordinated, unsecured or both</p> <table border="1" data-bbox="542 1430 1437 1656"> <thead> <tr> <th>Rating/ sector</th> <th>Infrastructure, Regal Estate, Hotels, Loan against shares and Hospitals</th> <th>Other Manufacturing and Financial Institutions</th> <th>Trading, Gems Jewellery and Others</th> </tr> </thead> <tbody> <tr> <td>BB</td> <td>25%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>B</td> <td>50%</td> <td>50%</td> <td>50%</td> </tr> <tr> <td>C</td> <td>70%</td> <td>70%</td> <td>70%</td> </tr> <tr> <td>D</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table> <p>In the context of the circular, the decision to classify a rating as below investment grade will be made by considering the most conservative rating provided by the instrument’s rating agency, if it has multiple ratings.</p> <p>The AMC may deviate from the indicative haircuts and/or the valuation price for money market and debt securities rated below investment grade, as provided by the valuation agencies. However, this deviation must be justified and documented.</p> <ol style="list-style-type: none"> <li>The AMC must record the detailed rationale for any deviation from the price post haircuts or the price provided by the valuation agencies. Additionally, the rationale for the deviation, along with relevant details such as the security’s ISIN, issuer name,</li> </ol>	Rating/ sector	Infrastructure, Regal Estate, Hotels, Loan against shares and Hospitals	Other Manufacturing and Financial Institutions	Trading, Gems Jewellery and Others	BB	15%	20%	25%	B	25%	40%	50%	C	35%	55%	70%	D	50%	75%	100%	Rating/ sector	Infrastructure, Regal Estate, Hotels, Loan against shares and Hospitals	Other Manufacturing and Financial Institutions	Trading, Gems Jewellery and Others	BB	25%	25%	25%	B	50%	50%	50%	C	70%	70%	70%	D	100%	100%	100%
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D	100%	100%	100%																																						

	<p>rating, the price at which it was valued, the price post haircuts, or the average of the prices provided by the valuation agencies (as applicable), and the impact of the deviation on the scheme's Net Asset Value (in amount and percentage terms) must be reported to the Board of AMC and Trustees.</p> <p>Furthermore, the rationale for the deviation, along with the details, will be disclosed to investors under a separate section on the website. Moreover, the total number of such instances of deviation will be disclosed in the monthly and half-yearly portfolio statements for the relevant period. These statements will also include an exact link to the website where all such instances of deviation are available.</p>
Gold	<p>Valuation of Gold as prescribed by SEBI Regulations:</p> <p>The gold held by a gold exchange traded fund scheme shall be valued at the AM fixing price of London Bullion Market Association (LBMA) in US dollars per troy ounce for gold having a fineness of 995.0 parts per thousand, subject to the following:</p> <ol style="list-style-type: none"> <li>i. Adjustment for conversion to metric measures as per standard conversion rates;</li> <li>ii. Adjustment for conversion of US dollars into Indian rupees as per the RBI reference rate declared by the Financial Benchmarks India Limited (FBIL); and</li> <li>iii. Addition of –       <ol style="list-style-type: none"> <li>a. Transportation and other charges that may be normally incurred in bringing such gold from London to the place where it is actually stored on behalf of the mutual fund; and</li> <li>b. Notional customs duty and other applicable taxes and levies that may be normally incurred to bring the gold from London to the place where it is actually stored on behalf of the mutual fund:</li> </ol> </li> </ol> <p>Provided that the adjustment under clause (iii) above may be made on the basis of a notional premium that is usually charged for delivery of gold to the place where it is stored on behalf of the mutual fund.</p> <p>The premium / discount shall be decided by comparing the domestic price i.e. MCX spot price with the valuation price. In case MCX spot price is not available, any other appropriate source may be used as agreed upon by valuation committee to determine the domestic price.</p> <p>Provided further that where the gold held by a gold exchange traded fund scheme has a greater fineness, the relevant LBMA prices of AM fixing shall be taken as the reference price under this sub-paragraph.</p> <p>If the gold acquired by the gold exchange traded fund scheme is not in the form of standard bars, it shall be assayed and converted into standard bars which comply with the good delivery norms of the LBMA and thereafter valued in terms of paragraph (I)</p> <p>Valuation process flow shall be as below:</p> <ol style="list-style-type: none"> <li>i. The process of valuing Gold shall be carried out in accordance with the guidelines set out by SEBI, with the fixing price available on the LBMA site.</li> <li>ii. The Valuation Committee of the AMC shall review and determine the Premium/Discount and fixing charges for the valuation of Gold on an ongoing basis.</li> <li>iii. The LBMA Gold price is quoted in USD/Oz for 999 fineness and must be converted to Troy Ounces per kilogram for 995 purity using the NYMEX conversion factor. The fineness quotient must also be adjusted using the factor 0.995996 (0.995/0.999) if the gold is of 999 fineness.</li> <li>iv. The adjustment or conversion factor for ounce to kg is as below *for 995 purity it is 31.99 *for 999 purity it is 32.12</li> <li>v. To convert USD into INR, it must be multiplied by the INR reference rate provided by Financial Benchmarks India Pvt. Ltd. or a similar agency.</li> <li>vi. Custom duty is applied per Kg.</li> </ol> <p>GST is excluded from the Valuation.</p>

Silver	<p>The Silver held by a Silver exchange traded fund scheme shall be valued at the AM fixing price of London Bullion Market Association (LBMA) in US dollars per troy ounce for Silver having a fineness of 999.0 parts per thousand, subject to the following:</p> <ol style="list-style-type: none"> <li>a. Adjustment for conversion to metric measures as per standard conversion rates;</li> <li>b. Adjustment for conversion of US dollars into Indian rupees as per the RBI reference rate declared by the Foreign Exchange Dealers Association of India (FEDAI); and</li> <li>c. Addition of – <ol style="list-style-type: none"> <li>i. Transportation and other charges that may be normally incurred in bringing such Silver from London to the place where it is actually stored on behalf of the mutual fund; and</li> <li>ii. Notional customs duty and other applicable taxes and levies that may be normally incurred to bring the Silver from London to the place where it is actually stored on behalf of the mutual fund:</li> </ol> </li> </ol> <p>Provided that the adjustment under clause (iii) above may be made on the basis of a notional premium that is usually charged for delivery of Silver to the place where it is stored on behalf of the mutual fund.</p> <p>The premium / discount shall be decided by comparing the domestic price i.e. MCX spot price with the valuation price. In case MCX spot price is not available, any other appropriate source may be used as agreed upon by valuation committee to determine the domestic price.</p> <p>Provided further that where the Silver held by a Silver exchange traded fund scheme has a greater fineness, the relevant LBMA prices of AM fixing shall be taken as the reference price under this sub-paragraph.</p> <p>If the Silver acquired by the Silver exchange traded fund scheme is not in the form of standard bars, it shall be assayed and converted into standard bars which comply with the good delivery norms of the LBMA and thereafter valued in terms of paragraph (I)</p> <p>Valuation process flow shall be as follows:</p> <ol style="list-style-type: none"> <li>i. The LBMA Silver Fixing for the day available on the LBMA site will be used for valuation.</li> <li>ii. The premium/discount and fixing charges for such valuation shall be reviewed and determined by the Valuation Committee of the AMC.</li> <li>iii. The quoted LBMA Silver price is in USD/Oz for 999 fineness, and Troy ounces per kilogram shall be used for conversion to Kilograms, the applicable conversion factor of Troy ounces per kilogram shall be used for 999 purity.</li> <li>iv. The conversion or adjustment of ounce to kg will be as below *for 999 purity it is 32.1507</li> <li>v. This USD amount will be multiplied with the INR reference rate provided by Financial Benchmarks India Pvt. Ltd. or any other similar agency.</li> <li>vi. Custom duty shall be fixed on a per kilogram basis</li> <li>vii. GST shall be excluded from the valuation.</li> </ol> <p>If the LBMA AM fixing or FBIL reference rate is not published on any given day, the most recently available rate shall be utilized to compute the value of goods such as Silver and Gold.</p>
Interest Rate Futures (IRF)	<ul style="list-style-type: none"> <li>• Market values of traded futures contracts shall be determined based on the exchange on which the contract was originally traded. For instance, if a futures position was contracted on the NSE, its value would be calculated using the settlement price on the NSE. However, the price of the same futures contract on the BSE cannot be used for valuation unless the contract itself was traded on the BSE.</li> </ul> <p>The Exchanges provide daily settlement prices for all derivative positions. These settlement prices will be adopted for valuing positions that are not traded.</p>
Securities purchased on Private Placement Basis	<p>In the case of securities purchased on a private placement basis, if valuation agencies provide the security prices, they should be valued or priced accordingly.</p> <p>If a security is purchased on a private placement basis, its valuation will be based on the Purchase Yield on the date of purchase. Subsequently, the valuation will be conducted at the average of the security's level prices obtained from valuation agencies.</p>
Domestic / Overseas Mutual Fund Units and Alternative Investment Fund (AIF) Units (including units of	<p><b><u>Domestic Mutual Fund Units and Alternative Investment Fund (AIF) Units:</u></b></p> <ol style="list-style-type: none"> <li>i. Listed &amp; Traded: Units shall be valued at the closing traded price available on the stock exchanges (NSE or BSE) as on the valuation date</li> </ol>

ETFs)	<p>ii. Unlisted and Listed but not traded: Units shall be valued at the last declared NAV on AMFI website or CDMD Fund's website in case of AIF units as on the valuation date.</p> <p>Scheme shall not invest in overseas securities.</p>
Securities Lending and borrowing	The valuation of securities lent under the Securities Lending Scheme shall be valued as per the valuation guideline of the respective security as mentioned in this document. The lending fee received by the securities lent out would be accrued in a proportionate manner till the maturity of the contract.
Upfront fee	<p>1. Upfront Fees on all trades (including primary market trades), by whatever name called, will be considered by the valuation agencies for the purpose of valuation of securities.</p> <p>2. Details of such upfront fees will be shared with the valuation agencies on the trade date to enable them to arrive at the fair valuation for that date.</p> <p>3. Upfront fees will be reduced from the cost of investment and will be shared on pro-rata basis if the investment in a particular security is made from multiple schemes</p>
Exchange Traded Commodity Derivatives	<p>Futures and Options: ETCDs shall be valued at the last quoted closing price on the exchange where such contracts are listed. On a valuation day, if last quoted closing price is not available then such ETCD contracts shall be valued at the settlement price.</p> <p>Conversion of ETCDs into Physical Commodities: In case ETCDs gets converted into physical commodities then upon the receipt of physical commodity at the exchange accredited warehouse in the allocated location (as notified and determined by the exchanges) the commodity shall be valued based on the spot/pooled physical price of the respective location as published by the respective commodity exchanges.</p> <p>Spot/Pooled price of respective commodity is published every day at the MCX website which can be referred for valuation of stocks lying in the warehouse/designated vaults. If on any day the spot/pooled prices as above are not available due to holiday, then the prices of immediately preceding day will be considered for the purpose of valuation of such commodity</p>

#### Guidelines on Polling Process for Money Market and Debt Securities:

The Guidelines on polling issued by AMFI in consultation with SEBI are as under:

##### Polling Guidelines:

- Valuation agencies shall identify the Mutual Funds who shall participate in the polling process on a particular day, taking into account factors such as diversification of poll submitters and portfolio holding of the Mutual Funds. Mutual Funds who are identified by the valuation agencies shall necessarily participate in the polling process. However, in case any Mutual Fund does not participate in the polling process, detailed reason for the same shall be recorded at the time and subsequently made available during SEBI inspections. In this respect, since a Mutual Fund may have investments in similar securities, a security not forming part of investment universe may not be considered as an adequate reason for not participating in the polling process.
- Polling will be carried out on a daily basis by the valuation agencies, in terms of points mentioned below.
- Each valuation agency needs to take polls from at least 5 unique Mutual Funds on a daily basis. Hence, between the two valuation agencies 10 unique Mutual Funds to be polled. They may cover more Mutual Funds, over and above this. For benchmark securities a poll constituting at least 5 responses will be considered as valid. In case of non-benchmark securities a poll constituting at least 3 responses will be considered as valid. The responses received by each valuation agency will be shared with the other agency also.
- Median of polls shall be taken for usage in valuation process.
- The valuation agencies will also need to cover as many non- Mutual Fund participants as possible, over and above the Mutual Funds, to improve on the polling output quality.
- Endeavour would be made to have adequate representation of both holders and non-holders of the same bond/same issuer for non-benchmark securities in the poll process. Where this is not possible, valuation agencies may seek polls from holders of bonds with a similar structure.
- In the case of issuers with multiple notch rating upgrades/ downgrades over short periods of time, valuation agencies shall: a. Conduct polls with a larger universe of pollers. b. Increase the frequency of polling
- Suo moto feedback on valuations should be entertained only through formal mails from persons designated by AMC for said purpose, and the same shall be validated through repolling. Any such feedback shall be duly recorded by the valuation agencies, including the reason for the challenge, results of repolling and subsequent changes in valuation on re-polling, if any. Such records shall be preserved by the valuation agencies, for verification.
- Polling will be done for two sets of securities, Benchmark & Others.
- Benchmark will be defined for the following categories across tenors.
  - Treasury Bills
  - Central Government Securities
  - State Government Securities

- AAA PSU/PFI/PSU Banks
  - AAA Private
  - NBFC
  - HFC
  - Any other as required for improving fair valuations
- Polling shall be conducted in the following two scenarios:
    - Validation of traded levels if they are outlier trades.
    - Non traded Securities (in exceptional circumstances as defined in the waterfall mechanism for valuation of money market and debt securities).
  - Best efforts should be made by poll submitters to provide fair valuation of a security.
  - The polling process will be revalidated by external audit of the valuation agencies with at least an annual frequency.
  - AMC's shall have a written policy, approved by the Board of AMC and Trustees, on governance of the polling process. The aforesaid policy shall include measures for mitigation of potential conflicts of interest in the polling process and shall identify senior officials, with requisite knowledge and expertise, who shall be responsible for polling. Further, the policy should outline the following aspects.
    - the process of participating in a polling exercise.
    - identify the roles and responsibilities of persons participating in the polling.
    - include policies and procedures for arriving at the poll submission
    - cover the role of the Board of AMC and Trustees, and the periodic reporting that needs to be submitted to them.
    - All polling should be preferably over email. In case for any reason, the polling is done by way of a telephonic call then such a call should be over recorded lines, followed subsequently by an email.
    - AMC's should have adequate business continuity arrangements for polling, with the necessary infrastructure/skill to ensure that consistent delivery of poll submissions is made without material interruption due to any failure, human or technical.
  - All polling done will have to be documented and preserved in format approved by the Board of AMC, for a period of eight years, along-with details of the basis of polling (such as market transactions, market quotes, expert judgement etc.).
  - AMC's shall ensure that participation in the polling process is not mis-used to inappropriately influence the valuation of securities. The officials of the AMC who are responsible for polling in terms of point no. 14 above, shall also be personally liable for any misuse of the polling process.
  - AMC's shall maintain an audit trail for all polls submitted to valuation agencies.

## Notes:

- I. Public Platform refers to:
  - Clear corp F-TRAC Platform of Clear corp Dealing Systems (India) Ltd. (CDSIL), NSE & BSE :
  - For Commercial Papers and Certificate of Deposits
  - Clearcorp F-TRAC Platform of Clearcorp Dealing Systems (India) Ltd. (CDSIL)
  - For corporate bonds / debentures and securitized debts order of preference for the Public Platforms for consideration would be as follow: NSE - NSE OTC
  - BSE – ICDM
  - NDS-OM: For Government Securities, Treasury Bills, Cash Management Bills, State Development Loans etc.
- II. Following assets will be valued at cost plus accruals / amortization:
  - Bank Fixed Deposits
  - TREPS / Reverse Repo (including Corporate Bond Repo) with tenor up to 30 days
- III. Weighted average YTM / Last Traded YTM shall be rounded up to two digits after decimal point.
- IV. In case of any deviation from the valuation price for money market and debt securities provided by the valuation agencies, AMC shall follow the procedure as mentioned in SEBI Circular No SEBI/HO/IMD/DF4/ CIR/P/2019/41 dated March 22, 2019 and SEBI Circular No SEBI/HO/ IMD/DF4/CIR/P/2019/102 dated September 24, 2019

#### iv) TAX, LEGAL & GENERAL INFORMATION

##### A. TAXATION ON INVESTING IN MUTUAL FUNDS

The tax benefits set out in the SAI are for general purposes only and do not constitute tax advice. The tax information provided in the SAI does not purport to be a complete description of all potential tax costs, incidence and risks inherent in subscribing to the Units of scheme(s) offered by The Wealth Company. Investors should be aware that the fiscal rules/ tax laws may change and there can be no guarantee that the current tax position as laid out may continue indefinitely. The applicability of tax laws, if any, on The Wealth Company / Scheme(s)/ investments made by the Scheme(s) and/ or investors and/ or income attributable to or distributions or other payments made to Unitholders are based on the understanding of the prevailing tax legislations and are subject to adverse interpretations adopted by the relevant authorities resulting in tax liability being imposed on The Wealth Company / Scheme(s)/ Unitholders/ Trustee/ AMC. In the event any such liability as may be determined by the tax authorities is/ being imposed on The Wealth Company / Scheme(s) or the Trustee or the AMC, the Unitholders shall be liable to pay on demand and/ or indemnify The Wealth Company / Scheme(s) and/ or the Trustee and/ or the AMC for any such tax liability.

In view of the individual nature of the tax consequences, each investor is advised to consult his/ her own professional tax advisor. The tax information contained in SAI alone is not sufficient and should not be used for the development or implementation of an investment strategy or construed as investment advice. Investors alone shall be fully responsible/ liable for any decision taken on the basis of this document. Neither the Mutual Fund nor the AMC nor any person connected with it accepts any liability arising from the use of this information. Investors should study this SAI carefully in its entirety and should not construe the contents as advice relating to taxation. Investors are advised to consult their tax, investment and other professional advisors to determine possible tax, financial or other considerations of subscribing to or redeeming Units, before making a decision to invest/ redeem Units.

As per the taxation laws in force and Chapter VII of the Finance (No. 2) Act, 2004 pertaining to Securities Transaction Tax (STT), the tax benefits/ consequences as applicable, to The Wealth Company in respect of its Mutual Fund schemes and investors investing in the Units of its Mutual Fund Schemes [on the assumption that the units are not held as stock-in-trade] are stated as follows:

#### 34. Tax Benefits/Consequences to the Mutual Fund

The Wealth Company is a Mutual Fund registered with the Securities & Exchange Board of India and hence the entire income of the Mutual Fund will be exempt from income-tax in accordance with the provisions of Section 10(23D) of the Income-tax Act, 1961 (the Act).

##### i. Exemption u/s 10(35):

Under the provisions of Section 10(35) of the Act income received in respect of the units of a mutual fund specified u/s. 10(23D) will be exempt from income tax in the hands of all unit holders. In view of this position, no tax needs to be deducted at source from such distribution by the fund. However, by virtue of the proviso to section 10(35), this exemption does not apply to income arising on "transfer" of units of a mutual fund.

##### ii. Transactions not regarded as transfers u/s 47:

Section 47 (xviii) provides that any transfer of unit or units by a unit holder held by him in the Consolidating Scheme of a mutual fund, will not be treated as transfer, if the transfer is made in consideration of the allotment to him of unit or units in the Consolidated Scheme of the mutual fund under the process of consolidation of the schemes of mutual fund in accordance with the SEBI (Mutual Funds) Regulation, 1996 and accordingly capital gains will not apply provided that the consolidation is of two or more schemes of equity-oriented fund or of two or more schemes of a fund other than equity-oriented fund.

For the purpose of the above, a Consolidating Scheme means the scheme of the mutual fund which merges under the process of consolidation of the schemes of mutual fund in accordance with the SEBI (Mutual Funds) Regulation, 1996 and Consolidated Scheme means the scheme with which the Consolidating Scheme merges or which is formed as a result of such merger.

Section 47 (xix) provides that any transfer of unit or units by a unit holder held by him in the Consolidating plan of a mutual fund, will not be treated as transfer, if the transfer is made in consideration of the allotment to him of unit or units in the Consolidated plan of the mutual fund under the process of consolidation of the plan of that schemes of mutual fund in accordance with the SEBI (Mutual Funds) Regulation, 1996 and accordingly capital gains will not apply.

For the purpose of above, Consolidating Plan means the plan within a Scheme of the mutual fund which merges under the process of consolidation of the plans within a Scheme of mutual fund in accordance with the SEBI (Mutual Funds) Regulation, 1996 and Consolidated Plan means the Plan with which the Consolidating Plan merges or which is formed as a result of such merger.

The Mutual Fund will receive all income without any deduction of tax at source under the provisions of Section 196(iv) of the Act.

Classification of a fund as an equity-oriented fund or Liquid fund or Money Market Fund or Infrastructure debt fund for the purposes of the Act.

Equity oriented fund is a fund set up under a scheme of a mutual fund specified under Section 10(23D) and,

- a) the fund invests in the units of another fund which is traded on a recognized stock exchange, —
  - a minimum of ninety per cent of the total proceeds of such fund is invested in the units of such other fund; and
  - such other fund also invests a minimum of ninety per cent of its total proceeds in the equity shares of domestic companies listed on a recognized stock exchange; and
- b) a minimum of 65% of the total proceeds of such funds are invested in equity shares of domestic companies listed on a recognized stock exchange.

Furthermore, as per the proviso to Explanation (a) to section 112A of the Act, the percentage of equity shareholding of the fund

shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

Money market mutual fund as per Explanation (d) to Section 115T of the Act means a scheme of a Mutual Fund which has been set up with the objective of investing exclusively in money market instruments as defined in sub-clause (p) of clause (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

Liquid Fund as per Explanation (e) to section 115T of the Act means a scheme or plan of a Mutual Fund which is classified by the Securities and Exchange Board of India ('SEBI') as a liquid fund in accordance with the guidelines issued by it in this regard under the Securities and Exchange Board of India Act, 1992 or the regulations made thereunder.

As per clause 1 of Regulation 49L of the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996, an 'infrastructure debt fund scheme' means a mutual fund scheme which invests primarily (minimum 90% of scheme assets) in debt securities or securitized debt instrument of infrastructure companies or infrastructure capital companies or infrastructure projects or special purpose vehicles which are created for the purpose of facilitating or promoting investment in infrastructure, and other permissible assets in accordance with these regulations or bank loans in respect of completed and revenue generating projects of infrastructure companies or projects or special purpose vehicles.

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

The Finance Act, 2020, with effect from 1 April 2020, has abolished additional tax on distribution of income by mutual funds and therefore mutual funds shall no longer be required to pay tax on the income distributed. Such distributions will be taxed directly in the hands of the unitholders of the mutual fund at the tax rates applicable to them. Further, the taxpayer can claim a deduction of interest expenditure only under section 57 of the ITA which shall be restricted to 20% of the gross dividend income

#### **Securities Transaction Tax (STT)**

As per Chapter VII of the Finance (No. 2) Act, 2004 pertaining to STT, STT shall be payable, wherever the Fund is responsible for collecting the STT from every person who sells the Units to it at the rate mentioned above. The STT collected by the Fund during any month will have to be deposited with the Central Government by the seventh day of the month immediately following the said month.

#### **Stamp Duty**

March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, a stamp duty @ 0.005% of the transaction value would be levied on applicable mutual fund transactions, with effect from July 1, 2020. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including IDCW reinvestment) to the unitholders would be reduced to that extent.

#### **Tax Benefits / Consequences to Unit holders**

##### **i. Income-tax**

All Unit holders Income from Units:

Surplus Income Distributed against Capital Withdrawal option by mutual funds will be taxable in the hands of the unitholders under section 56 of the ITA under the head 'Income from Other Sources' at the applicable rates. Further, the taxpayer can claim a deduction of interest expenditure only under IDCW option of the ITA which shall be restricted to 20% of the gross dividend income

#### **Capital Gains**

If the units are not held as stock in trade, the tax rates applicable to the unit holder will depend on whether the gain on sale of units is classified as a short-term capital gain or a long-term capital gain. As per section 2(29A) read with section 2(42A) of the Act, units of a mutual fund held as capital asset is treated as long-term capital asset if it is held for a period of more than 12 months (in case of an equity- oriented mutual fund) and 36 months (in case of other than equity- oriented mutual funds) preceding the date of transfer; in all other cases, they would be treated as short-term capital assets.

#### **Notes:**

- The following amounts would be deductible from the full value of consideration, to arrive at the amount of capital gains:
  - Cost of acquisition of Units (as adjusted by Cost Inflation Index notified by the Central Government in case of long-term capital gain); and
  - Expenditure incurred wholly and exclusively in connection with such transfer (excluding any sum paid on account of STT).
- (In case of resident individuals and HUFs, where taxable income as reduced by long-term capital gains, is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to the flat rate of income-tax (plus surcharge and health and education cess).
- Finance Bill 2023 made amendment in LTCG for Debt oriented scheme and scrapped indexation benefit for all debt mutual funds. From 1st April 2023 onwards new acquisition of Debt mutual fund to be taxable at applicable slab rate for LTCG. this provision is applicable to those Debt funds, where not more than 35% of its total proceeds is invested in the equity shares of domestic companies.

#### **Foreign Institutional Investors**

Any securities held by Foreign Institutional Investors in accordance with SEBI Regulations, shall be covered within the definition of the term 'Capital Asset' under section 2(14) of the Act.

The Securities Transaction Tax (STT) levied on sale of units of equity oriented mutual fund shall not be allowed as a deduction in computing the income chargeable under the head "Capital Gains". (Seventh proviso to section 48 of the Income Tax Act, 1961). In other words, the STT paid shall neither form part of the cost in case of purchase nor be allowed as deduction as expense of transfer in case of sale of such units.

## Tax Deduction at Source (Withholding Tax)

### Resident Investors

The Finance Act, 2020, with effect from 1 April 2020, has inserted section 194K that provides that mutual funds are required to withhold tax on income in respect of units at the rate of 10% on income (in excess of INR10,000) paid to a resident. It has been clarified that the provisions of section 194K of the Act shall apply only in respect of Surplus Income Distributed against Capital Withdrawal distributed by the mutual fund and shall not apply in respect of income which is in the nature of capital gains on units of mutual fund.

### Non-Resident Investors

The Finance Act, 2020, with effect from 1 April 2020, has amended the provisions of section 196A of the Act such that mutual funds would be required to withhold tax on income in respect of units at the rate of 20% (plus applicable surcharge and health and education cess) on any income paid to a non-resident.

If the investor has obtained a lower withholding tax certificate from the authorities, tax will be deducted at such lower rate.

Where tax is deductible under the Act, and the deductee has not furnished a Permanent Account Number (PAN) to the deductor, tax should be deducted at source at the highest of the following rates:

- At the rate specified in the Act
- At the rates in force
- At the rate of 20%

### Foreign Portfolio Investors (FPI)

As an exception, no tax has to be deducted on redemption/sale proceeds payable to FPIs [Section 196D(2)].

### Others

#### 1. Gift-tax

The Gift-tax Act, 1958 has ceased to apply to gifts made on or after October 1, 1998. Gifts of Units of the Mutual Fund would therefore, be exempt from gift-tax.

#### Gift of Units

As per the provisions of section 56(2)(x) of the Act, certain specified property transferred, without consideration / adequate consideration, exceeding specified limits (currently Rs. 50,000), are taxable in the hands of the recipient individual / HUF (subject to certain exceptions).

The term "property" includes shares and securities. Units of a mutual fund could fall within the purview of the term "securities". As per the Act, "property" would refer to capital assets only.

Further the above provision of section 56(2)(x) shall not apply to any units/ shares received by the donee:

- 1) From any relative; or
- 2) On the occasion of the marriage of the individual; or
- 3) Under a will or by way of inheritance; or
- 4) In contemplation of death of the payer or donor, as the case may be; or
- 5) From any local authority as defined in the Explanation to clause (20) of section 10 of the Act; or
- 6) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the Act; or
- 7) From any trust or institution registered under section 12AA of the Act.
- 8) Transaction not regarded as transfer under clause (i), (vi), (via), (viaa), (vib), (vic), (vica), (vicb), (vid), (vii) of section 47.
- 9) from an individual by a trust created or established solely for the benefit of relative of the individual.

The term relative shall mean:

#### A. In the case of an Individual –

- (i) The spouse of the individual
- (ii) The brother or sister of the individual
- (iii) The brother or sister of the spouse of the individual
- (iv) The brother or sister of either of the parents of the individual
- (v) Any lineal ascendant or descendant of the individual
- (vi) Any lineal ascendant or descendant of the spouse of the individual
- (vii) The spouse of the person referred to in clauses (ii) to (vi), and B] In case of a HUF, any member thereof.

#### B. In case of a HUF, any member thereof.

#### Clubbing of income

Subject to the provisions of section 64(1A) of the Act, taxable income accruing or arising in the case of a minor child shall be included in the income of the parent whose total income is greater or where the marriage of the parents does not subsist, in the income of that parent who maintains the minor child. An exemption under section 10(32) of the Act, is granted to the parent in whose hand the income is included upto Rs. 1,500/- per minor child. When the child attains majority, the tax liability will be on the child.

**Deduction under section 80C**

As per section 80C, and subject to the provisions, an individual /HUF is entitled to a deduction from Gross Total Income upto Rs.1.50 lakhs (along with other prescribed investments) for amounts invested in any units of a mutual fund referred to in section 10(23D) of the Act, under any plan formulated in accordance with such scheme as the Central Government may notify.

**Deduction under section 80CCG**

As per Section 80CCG, a resident individual who acquires listed equity shares or listed units of equity oriented mutual fund in accordance with the Rajiv Gandhi Equity Savings Scheme ('RGESS') (notified on November 23, 2012 and thereafter, vide Notification no. 94I2013 F. No. 142I35I2012 - TPL dated December 18, 2013 notified RGESS, 2013), is entitled to a deduction of 50% of the amount invested from his total income to the extent the deduction does not exceed Rs. 25,000. The deduction under Section 80CCG is over and above the deduction under Section 80C.

The deduction shall be available for three consecutive financial years beginning with the Initial Year as defined in RGESS. The deduction shall be subject to following conditions:

- The gross total income of the investor for the relevant year should not exceed Rs.12 lacs (for investments made from April 1, 2014);
- The investor is a new retail investor as specified in RGESS;
- The investment is made in such listed equity shares or listed units of equity oriented mutual fund as specified in RGESS;
- The investment is locked-in for a 3-year period in accordance with RGESS;
- and such other conditions as may be prescribed

If an investor, in a subsequent year fails to comply with any of the above conditions, the taxability would be as provided under RGESS.

The deduction under section 80CCG shall not be available from 1 April 2018 [i.e. Assessment year ('AY') 2018-19]. The investors who had claimed deduction for AY 2017-18 or prior years, will continue to be entitled to deduction till assessment year commencing on 1 April 2019 (i.e. AY 2019-20), if they are otherwise eligible. Investors may note that, eligibility for deduction under section 80CCG of the Act shall be subject to compliance with various provisions of the scheme as notified by the Central Government and other applicable tax laws.

**ii. Wealth-tax**

Wealth Tax Act, 1957 has been abolished w.e.f. FY 2015-16 vide Finance Act 2015.

If the units are held by an investor as stock-in-trade of a business, the said income will be taxed at the rates at which the normal income of that investor is taxed. The rates applicable to different investors are discussed at length in Note 1.

**OTHER RELEVANT PROVISIONS****a) Eligible Foreign Investors**

The Securities and Exchange Board of India (SEBI) has notified the SEBI (Foreign Portfolio Investors) Regulations, 2014 wherein it merged Foreign Institutional Investors (FIIs), sub accounts and Qualified Foreign Investors (QFIs) into a single category, referred to as Foreign Portfolio Investors (FPI), with the objective of rationalizing investments made by FIIs and QFIs. The term FPI has been defined to refer to a person who satisfies the eligibility criteria prescribed under FPI Regulations and has been registered thereunder.

FPIs may function as investors or fund manager. FPIs can invest inter alia in units of mutual funds. Furthermore, SEBI has specifically permitted investments made by FPIs in bonds issued by infrastructure finance companies and debt funds as well as bonds, including rupee-denominated credit enhanced bonds.

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

**b) Minimum Alternate Tax (MAT) (Section 115JB)**

Section 115JB of the Act provides that a Company is subject to provisions of Minimum Alternative Tax (MAT). Where the tax payable as per the regular provisions of the Act is less than 15% of the book profits computed under the said provisions, tax shall be payable at the rate of 15% (of the book profit) plus applicable surcharge and health and education cess. Income by way of long-term capital gain of a Company shall be taken into account in computing the book profit and income- tax payable under Section 115JB.

However, in case of foreign companies, any amount of income accruing/ arising and the corresponding expenditure incurred relating to capital gains arising on transactions in securities shall not be taken into account in computing the book profit and income-tax payable under Section 115JB. The provisions of MAT will not apply to a foreign Company if:

1. It is a resident of a country with which India has a DTAA and the Company does not have a permanent establishment in India in accordance with the provisions of such DTAA; or
2. it is a resident of a country with which India does not have a DTAA and the foreign Company is not required to register under any law applicable to companies.

As per the section 115JAA of the Act, a tax credit (being the difference of taxes paid under MAT and the amount of taxes payable by the tax payer under the regular provisions of the Act) is allowed to be carried forward for ten years immediately succeeding the assessment year in which tax credit becomes allowable. The tax credit can be set-off in a year when the tax becomes payable on the total income in accordance with the regular provisions of the Act and not under MAT.

**c) Exemption from Capital Gains**

As per the provisions of Section 54EE, applicable from the assessment year 2017-18, if an assessee has transferred a long-term capital asset and has invested the whole (or any part) of capital gains in long term- specified assets (to be notified by the Central Government to finance start-ups). Such investments can be made at any time within 6 months from the date of transfer of original asset. The amount of investment (made on or after April 01, 2016) by an assessee in long term specified assets, out of capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets transferred and in the subsequent financial year should not exceed Rs. 50 lakh. The exemption shall be revoked if the long term specified assets is transferred (not even loan /advance is taken on security of such assets) within 5 years from the date of acquisition.

As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, capital gains arising on transfer of a long-term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house in India. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

**d) Taxability of non-resident investors**

In case of non-resident unit holder who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement ("DTAA" or "tax treaty") (which is in force) income tax is payable at the rates provided in the Act, as discussed above, or the rates provided in such tax treaty, if any, whichever is more beneficial to such non-resident unit holder.

For non-residents claiming such tax treaty benefits, the Finance Act 2012 mandates the obtaining from the home country tax authority of a tax residency certificate ('TRC') in a format to be prescribed.

Section 90(5) of the Act (introduced by the Finance Act, 2013) provides that an assessee to whom a DTAA applies shall provide such other documents and information, as may be prescribed. Further, a notification substituting Rule 21AB of the Income-tax Rules, 1962 (Rules) has been issued prescribing the format of information to be provided under section 90(5) of the Act, i.e. in Form No 10F. Where the required information is not explicitly mentioned in the TRC, the assessee shall be required to furnish a self-declaration in Form No 10F and keep and maintain such documents as are necessary to substantiate the information mentioned in Form 10F.

**e) Dividend Stripping**

Under the provisions of Section 94(7) of the Act, loss arising on sale of Units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive income or additional units without any consideration, as the case may be) and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

**f) Bonus Stripping**

Under the provisions of Section 94(8) of the Act, where any person purchases units ('original units') within a period of 3 months prior to the record date, who is allotted additional units without any payment and sells all or any of the original units within a period of 9 months after the record date, while continuing to hold all or any of the additional units, then any loss arising on sale of the original units shall be ignored for the purpose of computing income chargeable to tax. The amount of loss so ignored shall be deemed to be the cost of purchase of the additional units as are held on the date of such sale.

**Capital Gains Tax for Foreign Institutional Investors / Foreign Portfolio Investors**

Any securities held by Foreign Institutional Investors in accordance with SEBI Regulations, shall be covered within the definition of the term 'Capital Asset' under section 2(14) of the Act.

1. LTCG, arising on sale of debt oriented units (other than units purchased in foreign currency and capital gains arising from transfer of such units by Offshore Funds referred to in section 115AB), held for a period of more than 36 months for units transferred before 23 July 2024, are taxable at the rate of 10% (plus applicable surcharge and Health and Education cess) under Section 115AD of the Act whereas for units transferred on or after 23 July 2024, the holding period would be more than 24 months and same would be taxed at 12.5% (plus applicable surcharge and Health and Education cess). Such gains would be calculated without considering benefit of indexation for the COA.
2. LTCG (over and above Rs. 1.25 lakh) arising on sale of units of equity-oriented funds and subject to conditions relating to payment of STT, are taxable at 10% (plus applicable surcharge and Health and Education cess) under section 112A for units transferred before 23 July 2024 whereas for units transferred on or after 23 July 2024, same would be taxed at 12.5% (plus applicable surcharge and Health and Education cess).
3. Short-term capital gain from the sale of equity-oriented units, subject to STT would be liable to tax at 15% (plus applicable surcharge and Health and Education cess) in accordance with Section 111A of the Act for units transferred before 23 July 2024 whereas for units transferred on or after 23 July 2024, same would be taxed at 20% (plus applicable surcharge and Health and Education cess).
4. Short-term capital gains arising on sale of units, in any other case, which are not subject to STT, are taxable at 30% (plus applicable surcharge and Health and Education cess) under section 115AD of the Act.

**Capital Gains Tax for Offshore Funds**

1. LTCG arising from transfer of the units of Mutual Fund purchased by the Offshore Funds (Overseas Financial Organizations) in foreign currency would be taxed at the rate of 10% (plus applicable surcharge and Health and Education cess) under section 115AB of the Act for units transferred before 23 July 2024 whereas for units transferred on or after 23 July 2024, same would be

taxed at 12.5% (plus applicable surcharge and Health and Education cess). Such gains would be calculated without considering benefit of indexation on COA.

- Short-term capital gains arising from transfer of the units by the Offshore Funds are taxable as part of total income at normal rates.

**Other Note:**

Deductions under Chapter VI-A of the Act cannot be claimed against the short-term capital gains and long-term capital gains, covered under section 111A or section 112 or section 112A of the Act.

- The following amounts would be deductible, from the full value of consideration, to arrive at the amount of capital gains:

- COA of units as adjusted by Cost Inflation Index notified by the Central Government, where applicable (indexation benefit not available for transfers taking place on or after 23 July 2024), and
- Expenditure incurred wholly and exclusively in connection with the transfer of units.
- Section 55 provides that for COA of an asset acquired before 01/04/2001, the assessee has an option of either taking the actual cost or FMV of said asset.
- For Capital gains on Specified Mutual Funds:

As per section 50AA of the Act, gains from transfer or redemption or maturity of unit of a Specified Mutual Fund or a Market Linked Debenture acquired on or after 1 April 2023, will be taxed as deemed short-term capital gains at applicable rates. Effective 23 July 2024, it has been proposed to tax capital gains arising from the transfer / redemption / maturity of an unlisted bond or an unlisted debenture also as short-term capital gains irrespective of the holding period of such asset.

Specified Mutual Fund means a Mutual Fund, where not more than thirty five percent of its total proceeds is invested in the equity shares of domestic companies. Provided that the percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures.

**Tax Rates:**

**B. TAXATION**

Tax implications on distributed income (hereinafter referred to as either 'Income from units of Mutual Funds' or 'capital gains') by Mutual Funds:

For Equity-linked Schemes:

Taxation Details	Resident Investors	Registered Mutual Fund
<b>(I) Income from Unit of Mutual Fund (IDCW)</b>		
<b>Tax on Distributed Income under Dividend Option</b>	<b>Resident:</b> Income tax rate applicable to the Unit holders as per their income slabs <b>Non-Resident:</b> Income tax rate applicable to the Unit holders as per their income slabs	Nil
<b>Withholding Tax rate</b>	<b>Resident:</b> 10% (if income from units of Mutual fund exceeds INR 10,000 in a financial year) <b>Non-Resident:</b> 20% <sup>2</sup> + applicable surcharge + 4% Cess <sup>3</sup>	Nil
<b>(II) Equity Oriented Mutual Funds</b>		
<b>Long Term (as units are procured after July 23, 2024) (period of holding more than 12 months)</b>	<b>Resident:</b> 12.5% without indexation <sup>7</sup> + applicable Surcharge + 4% Cess <sup>3</sup> <b>Non-Resident:</b> 12.5% without indexation and foreign currency fluctuation benefit + applicable surcharge + 4% Cess <sup>3</sup>	
<b>Short Term (period of holding less than or equal to 12 months for listed units and 24 months for unlisted units)</b>	<b>Resident:</b> 20% + applicable surcharge + 4% Cess <sup>3</sup> <b>Non-Resident:</b> 20% + applicable surcharge + 4% Cess <sup>3</sup>	
<b>TDS on Capital Gain</b>	<b>Resident:</b> Nil <b>Non-Resident:</b> 20% + applicable surcharge + 4% Cess <sup>i</sup>	Nil
<b>(III) Other than Equity Oriented Funds (including specified mutual funds<sup>8</sup>):</b>		

<b>Tax Rates</b>	<b>Resident:</b> <u>Individual/ HUF</u> Income tax rate applicable to the Unit holders as per their income slabs + applicable Surcharge + 4% Cess <sup>3</sup> <u>Domestic Company:</u> 30% + Surcharge as applicable + 4% Cess <sup>3</sup> 25% <sup>4</sup> + Surcharge as applicable + 4% Cess <sup>3</sup> 22% <sup>5</sup> + 10% Surcharge + 4% Cess <sup>3</sup> 15% <sup>5</sup> + 10% Surcharge <sup>5</sup> + 4% Cess <sup>3</sup>  <b>Non-Resident:</b> Income tax rate applicable to the Unit holders as per their income slabs	Nil
<b>TDS on Capital Gain</b>	<b>Resident:</b> Nil  <b>Non-Resident:</b> 20% + applicable surcharge + 4% Cess <sup>3</sup>	Nil
<b>(IV) Other than Equity Oriented Funds (other than specified mutual funds):</b>		
<b>Capital Gains</b>		
<b>Long Term (as units are procured after July 23, 2024) (period of holding more than 12 months)</b>	<b>Resident:</b> 12.5% without indexation <sup>7</sup> + applicable Surcharge + 4% Cess <sup>3</sup>  <b>Non-Resident:</b> 12.5% without indexation and foreign currency fluctuation benefit + applicable surcharge + 4% Cess <sup>3</sup>	Nil
<b>Short Term (period of holding less than or equal to 12 months for listed units and 24 months for unlisted units)</b>	<b>Resident:</b> <u>Individual/ HUF</u> Income tax rate applicable to the Unit holders as per their income slabs + applicable Surcharge + 4% Cess <sup>3</sup> <u>Domestic Company:</u> 30% + Surcharge as applicable + 4% Cess <sup>3</sup> 25% <sup>4</sup> + Surcharge as applicable + 4% Cess <sup>3</sup> 22% <sup>5</sup> + 10% Surcharge + 4% Cess <sup>3</sup> 15% <sup>5</sup> + 10% Surcharge <sup>5</sup> + 4% Cess <sup>3</sup>  <b>Non-Resident:</b> Income tax rate applicable to the Unit holders as per their income slabs.	Nil
<b>TDS on Capital Gain</b>	<b>Resident:</b> Nil  <b>Non-Resident:</b> 20% + applicable surcharge + 4% Cess <sup>3</sup>	Nil

**Notes:**

- 1 Equity Oriented Funds will also attract Securities Transaction Tax at applicable rates.
- 2 Section 196A of the Act provides that a person responsible for paying to a non-resident (other than FPI) any income in respect of units of mutual fund shall withhold taxes at the rate of 20% (plus applicable surcharge and cess) or rate provided in the relevant DTAA, whichever is lower, provided the payee furnishes a tax residency certificate and such other information and documents as may be prescribed to claim treaty benefit.  
As per the provisions of section 196D of the Act which is specifically applicable in case of FPI/FII, the withholding tax rate of 20% (plus applicable surcharge and cess) on any income in respect of securities referred to in section 115AD(1)(a) credited/paid to FII shall apply. The proviso to section 196D(1) of the Act grants relevant tax treaty benefits at the time of withholding tax on income with respect to securities of FPIs, subject to furnishing of tax residency certificate and such other documents as may be required. As per section 196D(2) of the Act, no TDS shall be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD of the Act.
- 3 Health and education Cess shall be applicable at 4% on aggregate of base tax and surcharge.
- 4 In case of domestic company, the rate of income-tax shall be 25% if its total turnover or gross receipts in the financial year 2023-24 does not exceed Rs. 400 crores.
- 5 In case of a domestic company whose income is chargeable to tax under section 115BAB or section 115BAA of the Income-Tax Act, 1961, tax rate @15% or @ 22% shall be applicable respectively, subject to conditions mentioned therein. The tax computed in case of domestic companies whose income is chargeable to tax under section 115BAA or section 115BAB shall be increased by a surcharge at the rate of 10%.
- 6 Short term/ long term capital gain tax will be deducted at the time of redemption of units in case of non-resident investors only (other than FPI). However, as per section 196A of the Act the withholding tax of 20% (plus applicable surcharge and cess) is applicable on any income in respect of units of mutual fund in case of non-residents.

- 7 Section 112A provides that long term capital gains arising from transfer of a long-term capital asset being a unit of an equity-oriented fund shall be taxed at 12.5% (without indexation and foreign currency fluctuation benefit) of such capital gains exceeding one lakh twenty five thousand rupees. The concessional rate of 12.5% shall be available only if STT has been paid on transfer in case of units of equity-oriented mutual funds.
- 8 Specified Mutual Fund means a Mutual Fund by whatever name called, where not more than thirty five per cent of its total proceeds is invested in the equity shares of domestic companies.  
As per the Finance (No. 2) Act 2024 (applicable from financial year 2025-26) the "specified mutual fund" means:
- a. a mutual Fund by whatever name called, which invest more than sixty five percent of the total proceeds in debt and money market instrument or;
  - b. a fund which invests sixty five percent or more of its proceeds in units of fund referred to in sub-clause (a)

For Debt Schemes:

Taxation Details	Resident Investors	Registered Mutual Fund
<b>Dividend / Income from Unit of Mutual Fund</b>		
<b>Withholding Tax Rate</b>	<b>Resident:</b> 10% (if income from units of Mutual fund exceeds INR 10,000 in a financial year) <b>Non-Resident:</b> 20% <sup>2</sup> + applicable surcharge + 4% Cess <sup>3</sup>	Nil
<b>Tax Rates</b>	<b>Resident:</b> <u>Individual/ HUF</u> Income tax rate applicable to the Unit holders as per their income slabs + applicable Surcharge + 4% Cess <sup>3</sup> <u>Domestic Company:</u> 30% + Surcharge as applicable + 4% Cess <sup>3</sup> 25% <sup>4</sup> + Surcharge as applicable + 4% Cess <sup>3</sup> 22% <sup>5</sup> + 10% Surcharge + 4% Cess <sup>3</sup> 15% <sup>5</sup> + 10% Surcharge <sup>5</sup> + 4% Cess <sup>3</sup> <b>Non-Resident:</b> 20% <sup>2</sup> + applicable surcharge + 4% Cess <sup>3</sup>	Nil
<b>Capital Gains<sup>2 6</sup></b>		
<b>Long Term capital gain on sale of listed and unlisted units (period of holding more than 12 months)</b>	<b>Resident:</b> <b>NA</b> <b>Non-Resident:</b> <b>NA</b>	Nil
<b>Deemed Short Term capital gain )</b>	<b>Resident:</b> <u>Individual/ HUF</u> Income tax rate applicable to the Unit holders as per their income slabs + applicable Surcharge + 4% Cess <sup>3</sup> <u>Domestic Company:</u> 30% + Surcharge as applicable + 4% Cess <sup>3</sup> 25% <sup>4</sup> + Surcharge as applicable + 4% Cess <sup>3</sup> 22% <sup>5</sup> + 10% Surcharge + 4% Cess <sup>3</sup> 15% <sup>5</sup> + 10% Surcharge <sup>5</sup> + 4% Cess <sup>3</sup> <b>Non-Resident:</b> Non-Resident (Other Than Foreign Company) – Income tax rate applicable to the Unit holder as per their Income slabs Foreign company 35% + Surcharge as applicable + 4% cess	Nil

**Notes:**

As per section 50AA of the Act, "specified mutual fund" means (a) a Mutual Fund by whatever name called, which invests more than sixty-five per cent of its total proceeds in debt and money market instruments; or (b) a fund which invests sixty-five per cent or more of its total proceeds in units of a fund referred to in sub-clause (a). In case of Specified Mutual Fund schemes, all assets are considered as Short-Term Capital Gains irrespective of period for which it is held and applicable slab rate shall apply

Provided further that for the purposes of this clause, "debt and money market instruments" shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.'. The above definition of "specified mutual fund" will be effective from 01 April 2025.

- <sup>2</sup> Section 196A of the Act provides that a person responsible for paying to a non-resident (other than FPI) any income in respect of units of mutual fund shall withhold taxes at the rate of 20% (plus applicable surcharge and cess) or rate provided in the relevant DTAA, whichever is lower, provided the payee furnishes a tax residency certificate and such other information and documents as may be prescribed to claim treaty benefit.

As per the provisions of section 196D of the Act which is specifically applicable in case of FPI/FII, the withholding tax rate of 20% (plus applicable surcharge and cess) on any income in respect of securities referred to in section 115AD(1)(a) credited/paid to FII shall apply. The proviso to section 196D(1) of the Act grants relevant tax treaty benefits at the time of withholding tax on income with respect to securities of FPIs, subject to furnishing of tax residency certificate and such other documents as may be required. As per section 196D(2) of the Act, no TDS shall be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD of the Act.

- <sup>3</sup> Health and education Cess shall be applicable at 4% on aggregate of base tax and surcharge.

- <sup>4</sup> In case of domestic company, the rate of income-tax shall be 25% if its total turnover or gross receipts in the financial year 2023-24 does not exceed Rs. 400 crores.

- 5 In case of a domestic company whose income is chargeable to tax under section 115BAB or section 115BAA of the Income-Tax Act, 1961, tax rate @15% or @ 22% shall be applicable respectively, subject to conditions mentioned therein. The tax computed in case of domestic companies whose income is chargeable to tax under section 115BAA or section 115BAB shall be increased by a surcharge at the rate of 10%.
- 6 Short term/ long term capital gain tax will be deducted at the time of redemption of units in case of non-resident investors only (other than FPI). However, as per section 196A of the Act the withholding tax of 20% (plus applicable surcharge and cess) is applicable on any income in respect of units of mutual fund in case of non-residents.
- 7 Section 112A provides that long-term capital gains arising from transfer of a long term capital asset being a unit of an equity oriented fund shall be taxed at 12.5% (without indexation and foreign currency fluctuation benefit) of such capital gains exceeding one lakh twenty five thousand rupees. The concessional rate of 12.5% shall be available only if STT has been paid on transfer in case of units of equity-oriented mutual funds.

The information given above is as per the prevailing tax laws and might be subject to change. Refer more information in SAI. In view of the individual nature of the tax consequences for each individual/non-individual/NRIs, each investor is advised to consult his/her own professional tax advisor.

AMC has the right to higher TDS on conservative basis and in line with the Income Tax provisions (including for IDCW), if PAN is not provided or PAN found to be Invalid as per the Income Tax database.

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#### SLAB WISE TAX RATES:

##### Old Tax Regime

Where total income for a tax year (April to March) is less than or equal to Rs. 250,000* (the basic exemption limit/maximum amount not chargeable to tax)	Nil
Where such total income is more than Rs 250,000* but is less than or equal to Rs. 500,000	5% of the amount by which the total income exceeds Rs 250,000*
Where such total income is more than Rs 500,000 but is less than or equal to Rs 1,000,000	Rs 12,500 plus 20% of the amount by which the total income exceeds Rs 500,000
Where such total income is more than Rs 1,000,000	Rs 112,500 plus 30% of the amount by which the total income exceeds Rs 1,000,000

\*The basic exemption limit in case of a resident senior citizen (with age of sixty years or more but less than eighty years) is Rs 300,000, in case of resident in India, who is of the age of eighty years or more at any time during the previous year is Rs 500,000. Further, a tax rebate up to Rs 12,500 per annum would be available for resident individuals with total income of up to Rs 500,000 per annum.

**Under the alternate new regime<sup>2</sup>**, the slab rates for individuals and Hindu Undivided Family, Association of Persons, Body of Individuals and Artificial Juridical Persons are as follows:

Where total income for a tax year (April to March) is less than or equal to Rs 300,000 (the basic exemption limit)	Nil
Where such total income is more than Rs 300,000 but is less than or equal to Rs 700,000	5% of the amount by which the total income exceeds Rs 300,000
Where such total income is more than Rs 700,000 but is less than or equal to Rs 1,000,000	Rs 20,000 plus 10% of the amount by which the total income exceeds Rs 700,000
Where such total income is more than Rs 1,000,000 but is less than or equal to Rs 1,200,000	Rs 50,000 plus 15% of the amount by which the total income exceeds Rs 1,000,000
Where such total income is more than Rs 1,200,000 but is less than or equal to Rs 1,500,000	Rs 80,000 plus 20% of the amount by which the total income exceeds Rs 1,200,000

Where such total income is more than Rs 1,500,000	Rs 140,000 plus 30% of the amount by which the total income exceeds Rs 1,500,000
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Section 115BAC. For adopting the new tax regime, most of the deductions/exemptions such as section 80C, 80D, etc. are to be foregone. The aforesaid regime is the default tax regime.

Accordingly, Tax payers will be required to specifically opt for old tax regime. The option under new regime once exercised can be changed in subsequent years (not applicable for business income).

From FY 2023-24, the new tax regime is the default tax regime. However, there is an option available to opt out of the default new tax regime and that option shall be exercised at the time of filing of return of income.

The option for opting out of the default new tax regime shall be exercised for every previous year where the tax payer has no business income, and in other cases the option once exercised for a previous year shall be valid for that previous year and all subsequent years. Certain exemptions/ deductions shall not be available while computing the taxable income under the default new tax regime. Certain other conditions are also applicable.

Rebate of lower of actual tax liability or Rs. 25,000 (against rebate of Rs. 12,500 under the old tax regime) in case of resident individuals having total income not exceeding Rs. 7,00,000 (against total income of Rs. 5,00,000 under the old tax regime). Further, marginal relief is available, to the extent the income-tax payable on total income exceeds the total income above INR 7 lakhs.

#### **Exemption of capital gain from income tax All Unit holders**

Under the provisions of Section 94(7) of the Act, loss arising on sale of Units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive income or additional units without any

consideration, as the case may be) and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

Under the provisions of Section 94(8) of the Act, where any person purchases units ('original units') within a period of 3 months prior to the record date, who is allotted additional units without any payment and sells all or any of the original units within a period of 9 months after the record date, while continuing to hold all or any of the additional units, then any loss arising on sale of the original units shall be ignored for the purpose of computing income chargeable to tax. The amount of loss so ignored shall be deemed to be the cost of purchase of the additional units as are held on the date of such sale.

General Anti Avoidance Rule ('GAAR') is an anti-tax avoidance Rule which is applicable w.e.f. April 1, 2017. The objective of GAAR is to deny tax benefits to an arrangement which has been entered into with the main purpose of obtaining tax benefits and which lacks commercial substance or creates rights and obligations which are not at arm's length principle or results in misuse of tax law provisions or is carried out by means or in a manner which are not ordinarily employed for bona fide purposes. The over-arching principle of GAAR provisions is "substance over form".

The Organisation of Economic Co-operation and Development ('OECD') released the Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting ('MLI'). The MLI, amongst others, includes a "principal purpose test", wherein Tax Treaty benefits can be denied if one of the principal purpose of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit. The MLI has also expanded the scope of permanent establishment to include agent (excluding an independent agent) playing principal role, leading to routine conclusion of contracts without material modification. For this purpose, an agent is not considered independent if it acts exclusively or almost exclusively on behalf of one or more closely related enterprises. India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLIs.

#### **Tax Consequences upon Merger /Consolidation of Schemes / Plan All Unit holders**

Transfer of units, being held as 'Capital assets' as defined under the Income-tax Act, 1961, upon consolidation of two or more schemes of equity oriented fund or two or more schemes of a fund other than equity oriented fund or upon consolidation of plans within a mutual fund scheme in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains.

The cost of acquisition of units in the consolidated plan / scheme shall be the cost of units in consolidating plan / scheme of mutual fund and period of holding of the units of consolidated plan

/ scheme shall include the period of holding for which the units in consolidating plan / scheme of mutual fund were held.

Finance Act, 2020 has rationalized capital gains taxability in relation to mutual fund portfolio segregation as per SEBI regulations. In such a case, the period of holding of segregated units shall be counted from date of holding of original units and the cost of acquisition of segregated units shall be apportioned between original units and segregated units based on net asset value prevailing immediately before segregation.

#### **Clubbing of Income**

Subject to the provisions of section 64(1A) of the Act, taxable income accruing or arising in the case of a minor child (not being a minor child suffering from disability specified in section 80U) shall be included in the income of the parent whose total income is greater or where the marriage of the parents does not subsist, in the income of that parent who maintains the minor child. An exemption under section 10(32) of the Act is granted to the parent in whose hand the income is included upto Rs. 1,500/- per minor child. When the child attains majority, the tax liability will be on the child.

#### **Gift of Units**

Section 56(2)(x) of the Act provides that any receipt of sum of money and/or property without consideration or for inadequate consideration (exceeding INR 50,000) by all assesses would be taxable as income from other sources. The term 'property' includes shares and securities. Units of a mutual fund could fall within the purview of the term "securities". As per the Act, "property" would refer to capital assets only.

#### **Deduction under section 80C**

As per section 80C, an individual/ HUF is entitled to a deduction from Gross Total Income upto Rs. 1.50 lac (along with other

prescribed investments) for amounts invested in any units of a mutual fund referred to in section 10(23D) of the Act, under any plan formulated in accordance with such scheme as the Central Government may notify. However, for adopting new tax regime, the deductions/exemptions under section 80 C, 80 D are to be foregone.

#### **Other Benefits**

Investments in Units of the Mutual Fund will rank as an eligible form of investment under Section 11(5) of the Act read with Rule 17C of the Income-tax Rules, 1962, for Religious and Charitable Trusts.

#### **Tax Treaty Benefits**

A non-resident investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the non-resident investor is a tax resident, whichever is more beneficial to the non-resident investor. As per the provisions of the Act, submission of tax residency certificate ("TRC") along with Form No. 10F will be necessary for granting Tax Treaty benefits to non-residents. A taxpayer claiming Tax Treaty 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 such other documents and information subsequently, as may be prescribed by the Indian Tax Authorities. Further as per section 195 of the Act, an application may be required to be made to the tax authorities to determine the withholding tax rate, if transfer/redemption/buyback of Units are covered within the list of specified transactions, such list being yet not specified. Further, the provisions of Section 195 and/or Section 197 of the Act would need to be complied and also documents will have to be furnished by the non-resident investor in this regard.

As per section 196A of the Act, the withholding tax would be lower of 20% (plus applicable surcharge and cess) or the rate provided under the relevant tax treaty, subject to eligibility and compliance with applicable conditions.

## **B. LEGAL INFORMATION**

### **(i) Prevention of Money Laundering Act, 2002 requirements ("PMLA Requirements")**

In terms of the PMLA Requirements, all intermediaries, including mutual funds, have to formulate and implement a client due

diligence process which includes client acceptance process, client identification process, risk management and monitoring of transactions. KYC process is usually performed to verify and maintain the record of identity and address(es) of investors.

The investor(s) /unitholder(s) including guardian(s)/ legal guardian(s) where investor / unitholder is a minor, must ensure that the amount invested in the schemes is derived only through legitimate sources and does not involve and is not designed for the purpose of any contravention or evasion of the provisions of all the applicable laws, rules and regulations, directions issued by the appropriate authority in force from time to time including the Prevention of Money Laundering Act, 2002 the Income Tax Act, 1961, or the Prevention of Corruption Act, 1988, etc. Pursuant to the above and SEBI in terms of master circular dated June 06, 2024, the AMC may seek information or obtain and retain documentation used to establish customers identity. It may re-verify identity and obtain any missing or additional information for this purpose. The AMC /Trustee reserve the right to take all steps and actions, including recording investor(s) /unitholder(s) telephonic calls, and /or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds etc. in accordance with the applicable laws, from the investor(s) /unitholder(s), as may be required, to ensure the appropriate identification /verification /re-verification of the investor(s) /unitholder(s), the source of funds etc. under its KYC Policy. The AMC, under powers delegated by the Trustee, shall have absolute discretion to reject any application, prevent further transactions by a unit holder, delay processing redemption as per applicable laws or regulations if:

- after due diligence, the investor/ unit holder /a person making the payment on behalf of the investor does not fulfill the requirements of the KYC as determined by the AMC or the AMC believes that the transaction is suspicious in nature as regards money laundering.
- AMC reserves the right to reject any application and affect a mandatory redemption of units allotted in case of any non-compliance of PMLA and KYC requirements. If the payment for purchase of units are made by a third party (e.g. a power of attorney holder, a financing agency, a relative, etc.), the investor/ applicant may be required to give such details of such transactions so as to satisfy the AMC of the source and/or consideration underlying the transaction.

### **(ii) Nomination Facility**

Pursuant to Regulation 29A of the Mutual Fund Regulations, AMC provides an option to unitholder to nominate (in the manner prescribed under the Mutual Fund Regulations), a per person(s) in whom the units held by him shall vest in the event of his/her death. Where the units are held by more than one person jointly, the joint unit holders may together nominate a person(s) in whom all the rights in the units shall vest in the event of death of all the joint unit holder. By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee(s).

A nomination in respect of the units does not create an interest in the property after the death of the unit holder. The nominee(s) shall receive the units only as an agent and trustee for the legal heirs or legatees as the case may be. It is hereby clarified that the nominees(s) under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination.

All new investors/unitholders shall continue to be required to mandatorily provide the 'Choice of Nomination' for demat accounts/ MF Folios (except for jointly held Demat Accounts and Mutual Fund Folios)

It is however clarified that the Mutual Fund/AMC will not be bound to transmit the Units in favour of the nominee if it becomes aware of any dispute in relation to the nominee's entitlement to the Units. In the event the Mutual fund/AMC/Trustee incurs or suffers any claim, demand, liabilities, including claims and demands in respect of any prospective or retrospective

tax liability, proceedings or actions are filed or initiated against any of them in respect of or in connection with the nomination, the Mutual fund/AMC/Trust shall be entitled to be indemnified absolutely for any loss, expenses, costs and charges that any of them may suffer or incur.

**a) Who can nominate/be nominee?**

• **Who can nominate:**

Nomination can be made only by individuals on their own behalf, either singly or jointly.

• **Who cannot nominate:**

A power of attorney holder and a guardian investing in units of the Mutual Fund on behalf of a minor. Non individual Unitholder(s)/investors including society, trust (other than a religious or charitable trust), body corporate, Company, AOP, BOI, bank, FPI, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate.

• **Who can be nominated:**

- i. resident Indian individuals
- ii. minors through parent/legal guardian
- iii. non-resident Indian individuals, subject to the exchange controls in force from time to time.
- iv. religious and charitable trusts; and
- v. central government, state government, a local authority or any person designated by virtue of his office or a religious or charitable trust. In case of multiple nominees, the percentage of allocation/ share in favour of each of the nominees should be indicated clearly against the respective names and such allocation/ share should be in whole numbers without any decimals, making a total of 100% (One Hundred per cent). In case the percentage of allocation / share for each of the nominees is not clearly indicated in the nomination form, the Mutual Fund /the AMC, by invoking default option, shall settle the claim equally amongst all the nominees.  
In case a minor is nominated, the name and address of the guardian of the minor nominee shall be provided by the unit holder(s).

• **Who cannot be nominated?**

A trust (other than a religious or charitable trust), society, Company/ body corporate, partnership firm, Hindu undivided family or a Power of Attorney holder cannot be nominated.

**b) How to Nominate?**

Investors may make the nomination

- (i) at the time of initial investment for purchase units in a scheme by filling up the form / columns for nomination provided in the application form or
- (ii) subsequently, using a prescribed Nomination Form, available at all ISCs of the Mutual Fund as well as on the website [www.wealthcompanyamc.in](http://www.wealthcompanyamc.in). If the units are held jointly, all joint unit holders will be required to sign the nomination form. The unitholders/ investors have an option to submit either the nomination form or the declaration form for opting out of nomination in physical or online.
- (iii) Nomination by a Unitholder shall be applicable for all the investments in all schemes held under a particular folio i.e. if nomination is registered at the Folio level, then it will be applicable for all investments in all Schemes under the said Folio.
- (iv) Unit holder can nominate (in the manner prescribed under the SEBI Regulations), maximum up to 3 (person(s) in whom the Units held by him/her shall vest in the event of his/her death. It shall be mandatory to indicate clearly percentage of allocation/share in favor of each of the nominees against their name and such allocation/share should be in whole numbers without any decimals making a total of 100 percent. In the event of the Unitholders not indicating the percentage of allocation/share for each of the nominees, the AMC, by invoking default option shall settle the claim equally amongst all the nominees.

In case of multiple nominees, on the death of one or more nominee, the transmission of units shall be made in favour of the remaining nominee(s).

After the Unit Holder Attains Majority

Anytime after the minor Unitholder attains majority, the Unit holder can write to the ISC requesting for a Nomination Form for the purpose of registering a nominee in accordance with the provisions stated here in above.

(v) **Choice of Nomination**

All new investors/unitholders shall continue to be required to mandatorily provide the 'Choice of Nomination' for demat accounts/ MF Folios (except for jointly held Demat Accounts and Mutual Fund Folios).

**c) Change or cancellation of Nomination**

A nomination made can be changed or cancelled subsequently by the unitholder(s) by making an application in the prescribed form to the Wealth Company Mutual Fund for change or cancellation of nomination. Change in / cancellation of nomination can be made only by those individuals who hold units on their own behalf singly or jointly and who made the original nomination.

Any transfer/transmission of Units to any other person shall also result in automatic cancellation of the nomination and the

Mutual Fund/AMC shall not be under any obligation to transmit the Units in favour of the nominee(s).

**d) Nomination in respect of units stands rescinded upon transfer of units: -**

On cancellation of nomination, the nomination made previously shall stand rescinded and the AMC/ Mutual Fund shall not be under any obligation to transfer the units in favor of any of the persons nominated earlier.

**e) Settlement in the event of Death of Investor**

- 1) The AMC shall, subject to completion of the necessary formalities by the nominee(s), including KYC Compliance, production of death certificate of the deceased unit holder and duly attested signature of the nominee(s), furnishing of proof of guardianship in case of minor nominee, execution of indemnity bond or such other document as may be required, proceed to effect the payment/transfer of units to the nominee(s).
- 2) Transfer of units/payment to a nominee of the sums shall be valid and effectual against any demand made upon the Mutual Fund /AMC and shall discharge the Mutual Fund/AMC of all liability towards the estate of the deceased unit holder and his/her successors and legal heirs, executors and administrators.
- 3) If the Mutual Fund or the AMC or the Trustee were to incur or suffer any claim, demand, liabilities, proceedings or if any actions are filed or made or initiated against any of them in respect of or in connection with the nomination, they shall be entitled to be indemnified absolutely for any loss, expenses, costs, and charges that any of them may suffer or incur absolutely from the investor's estate.

**f) Nomination for units held in electronic (demat) mode**

For units of the scheme(s) held in electronic (demat) form with the depository, the nomination details provided by the unitholder to the depository will be applicable to the units of the scheme. Such nominations including any variation, cancellation or substitution of nominee(s) shall be governed by the rules and bye-laws of the depository.

**Transfer of Units**

The Wealth Company Mutual Fund units (Physical & Demat Form) unless otherwise restricted or prohibited under the scheme, shall be freely transferable by act of parties or by operation of law.

A unitholder, in a close ended scheme listed on a recognized stock exchange, who desires to trade in units shall hold units in dematerialized form.

In case of Schemes that are not listed on a recognized stock exchange, as the Mutual Fund will be repurchasing (subject to completion of Lock-in Period) and issuing Units on an ongoing basis, the transfer facility is redundant.

The asset management Company shall, on production of instrument of transfer together with relevant unit certificates, register the transfer and return the unit certificate to the transferee within thirty days from the date of such production:

Provided that if the units are with the depository such units will be transferable in accordance with the provisions of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018. The instructions for transfer of Units will have to be

lodged with the DP in the requisite form along with the requisite documents as may be required from time to time and transfer will be effected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized form.

(iii) **Transmission of Units**

In case of transmission of Units, the claimant(s) of Units will be required to submit the prescribed documents as may be applicable. Investors may refer to our website ([www.wealthcompanyamc.in](http://www.wealthcompanyamc.in)) or contact any of our Investor Service Centre(s) for the various documents required under different transmission scenarios.

Under normal circumstances, the Fund will endeavor to process the transmission request within 10 business days, subject to receipt of complete documentation as applicable. In case Units are held in a single name by the Unitholder, units shall be transmitted in favour of the nominee(s), where the Unitholder has appointed nominee(s) upon production of the stipulated documents to AMC/Trustee Company or Registrar.

If the Unitholder has not appointed nominee(s), the units shall be transmitted in favour of the Unitholder's executor/administrator of estate/Legal heir(s) as the case may be on production of stipulated documents as per the rules of intestate succession or as per the Will of the latter, as the case may be.

In case of death of the 1st holder, if there are two surviving joint holders, units shall be transmitted in favour of the surviving holders on production of stipulated documents and the 2nd holder shall be treated as the new primary / 1st holder. The rights in the units will vest in the nominee(s) concerned upon the death of all Joint Unitholders and units shall be transmitted in favour of the nominee(s) upon submission of stipulated documents.

In case of close ended schemes, units shall be transmitted in favour of second holder/Nominee(s)/Unitholder's executor/administrator of estate/Legal heir(s) as the case may be, however, all payments/settlements/monetary claims will be made upon maturity of such scheme Any "Transmission-cum-Redemption" requests or requests for redemptions of units where transmission is under process will not be accepted.

The request for redemption of Units will be accepted only after processing the request for transmission of Units with proper documentation. A cooling off period of 10 business days between the date of transmission of units and subsequent redemption payout will be applicable. In case of Equity Linked Saving Schemes ('ELSS'), unitholders should, however, note that in the event of death of the First/sole Unit holder, the legal heir, subject to production of requisite documentary evidence, will be able

to redeem the investment only after the completion of one year or anytime thereafter, from the date of allotment of Units to the deceased Unit holder. In such cases where the deceased was the 1st holder in respect any one of the folios, units in all other holdings across all other folios/schemes, where the deceased was the 1st unitholder shall be 'Stop' marked/blocked against any further transactions based on PAN or PEKRN.

The Stamp duty payable by the claimant with respect to the indemnity bond and affidavit, will be in accordance with the stamp duty prescribed by law. Depending upon appropriateness, the AMC may consider seeking additional/alternative documents for necessary diligence of each case before transmitting the units in favour of the claimant/s. In case of discrepancy and/or dispute between legal heirs / other claimants / nominee, the AMC reserves the right to block the folio of the Investor for further transactions till such time a court order with appropriate jurisdiction is provided for further transmission of Units.

In case the units are held in demat form, the instructions for transmission of Units will have to be lodged with the DP in the requisite form along with the requisite documents as may be required from time to time and transmission will be effected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized form. Investor should refer to the relevant section of our website ([www.wealthcompanyamc.in](http://www.wealthcompanyamc.in)) for more details and information regarding transmission of units

(iv) **Change in Guardian in case of a minor unit holder**

The guardian can be changed in a folio held "on behalf of a minor", either due to mutual consent or demise of the existing guardian. However, the new guardian can only be either a natural guardian (i.e. father or mother) or a court appointed legal guardian. New guardian should submit documentary evidence confirming the relationship with the minor, bank attestation attesting his/her signature and KYC compliance acknowledgment.

The following documents should be submitted for registration of the new guardian:

- Request letter from the new guardian;
- No Objection Letter (NOC) or Consent Letter from existing guardian
- Copy of PAN Card of the new guardian
- KYC acknowledgement or KYC Form of the new guardian;
- Attested copy of the Death Certificate of the deceased guardian, where applicable.
- Attested copy Court Order if the change of guardian is due to appointment of Legal guardian by the court.
- Documentary evidence showing relationship of the new guardian with the Minor (such as minor's Passport/ birth certificate/ PAN Card/ school leaving certificate etc. wherein the name of the new guardian is mentioned).
- A cancelled cheque evidencing the change of guardian in respect of minor's registered bank account with the new Guardian's name.
- Bank attestation attesting the signature of the new guardian in a bank account of the minor where the new guardian is registered as the guardian;
- Additional KYC, FATCA and CRS- Self Certification

*\*To be duly attested by a Notary Public or a Judicial Magistrate First Class or a Gazette Officer*

(v) **Minor attaining majority – Status Change**

When a minor unit holder attains majority on completion of 18 (eighteen) years of age, the unitholder is required to make an application to the AMC/RTA to change his / her status from "minor" to "individual" and register his / her signature with the RTA, submitting the following documents:

- a) A prescribed service request form, duly filled and containing details such as the name of the unitholder, folio numbers, scheme name etc;
- b) Bank Account Details of the Applicant along with cancelled cheque with Applicant's name printed or Applicant's Bank Statement/ Passbook.
- c) The KYC and PAN of the major unitholder; and
- d) Additional KYC, FATCA & CRS - Self Certification.

In this regard, unitholders may please note the following:

- a) The AMC/RTA shall endeavor to send advance notice at the registered correspondence address, advising the minor and guardian to submit prescribed documents, in order to effect change of status from 'minor' to 'major'.
- b) In case the requisite documents to change the status are not received by the date when the minor attains the age of majority, no transactions (financial and non-financial) including fresh registration of SIP, STP and SWP will be permitted after the date of minor attaining the age of majority.
- c) In case the requisite documents to change the status are not received by the date when the minor attains the age of majority, no transactions (financial and non-financial) including fresh registration of SIP, STP and SWP will be permitted after the date of minor attaining the age of majority.

(vi) **Duration of the Schemes**

The duration of open-ended schemes is perpetual, while that of the close-ended schemes is as mentioned in the relevant SIDs.

However, in terms of the SEBI (Mutual Fund Regulations), 1996, a close-ended scheme shall be wound up on the expiry of duration fixed in the scheme on the redemption of the units unless it is rolled over for a further period as mentioned in sub-regulation (4) of regulation 33 of SEBI (Mutual Fund) Regulations, 1996 and any amendment made thereof.

A Scheme of a Mutual Fund is to be wound up:

- a) On happening of any event, which in the opinion of the Trustee, requires the scheme concerned to be wound up; or
- b) If 75% (seventy-five per cent) of the unit holders of the scheme concerned pass a resolution that the scheme be wound up; or
- c) If SEBI so directs in the interests of unit holders.

#### **Effect of winding up**

On and from the date of the publication of notice as specified above, the Trustee or the AMC as the case may be, shall—

- a) cease to carry on any business activities in respect of the scheme so wound up;
- b) cease to create or cancel units in the scheme; and
- c) cease to issue or redeem units in the scheme.

#### (vii) **KYC Requirements and Requirements of Prevention of Money Laundering Act**

Please refer point (i) above for Prevention of Money Laundering and Point no. 39 of How to apply for Know Your Client ('KYC') Requirements.

#### (viii) **Unclaimed Redemption / IDCW Amount**

As per para 14.3 of SEBI Master Circular dated June 27, 2024, T

he unclaimed redemption and dividend amounts, that are currently allowed to be deployed only in call money market or money market instruments, shall also be allowed to be invested in a separate plan of Overnight scheme / Liquid scheme/ Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts.

Provided that such schemes where the unclaimed redemption and dividend amounts are deployed shall be only those Overnight scheme/ Liquid scheme / Money Market Mutual Fund schemes which are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix.

AMCs shall not be permitted to charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped as per the TER of direct plan of such scheme or at 50 bps, whichever is lower.

Further, for the Unclaimed redemption and dividend amounts deployed by Mutual Funds in Call Money Market or Money Market instruments, the investment management and advisory fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

Investors who claim the unclaimed amounts during a period of three years from the due date shall be paid initial unclaimed amount along with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education.

In terms of the circular, the onus is on the AMC to make a continuous effort to remind investors through letters to take their unclaimed amounts.

The information on amount unclaimed and number of such investors for each Scheme shall be disclosed in the annual report sent to the Unitholders.

#### (ix) **Website**

The website of the Mutual Fund/AMC is intended solely for the use of resident Indians, non-resident Indians, persons of Indian origin and foreign institutional investors / foreign portfolio investors registered with SEBI. It should not be regarded as a solicitation for business in any jurisdiction other than India. In particular, the information is not for distribution and does not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction where such activity is prohibited. Any persons resident outside India, who nevertheless intend to respond to this material must first satisfy themselves that they are not subject to any local requirements, which restrict or prohibit them from doing so. Information other than that relating specifically to the AMC/ the Mutual Fund and its products is for information purposes only and should not be relied upon as a basis for investment decisions. The AMC cannot be responsible for any information contained in any website linked from the Mutual Fund's website.

The AMC makes no representations whatsoever about any such website which the user may access through the said website. A link to another website does not mean that the AMC endorses or accepts any responsibility for the content, or the use, of such website. It is the responsibility of the user to take precautions to ensure that whatever is selected for use is free of such items as viruses and other items of a destructive nature. The investors are requested to read the terms and conditions given on the said website carefully before using the said website. By using the said website, the investor will be deemed to have agreed that the terms and conditions specified apply to the use of the investor of the said website, any information obtained from the site, and our products and services. If the investor does not agree to the specified terms, the investor may not use the said website or download any content from it.

#### (x) **Disclosure of Investors' Information to Service Providers and Intermediaries**

- a) The investors may note that the Mutual Fund or AMC needs to use the services of intermediaries such as post office, local and international couriers, banks and other intermediaries for correspondence with the investor and for making payments to the investor by cheques, drafts, warrants, electronic mode, etc.

- b) The AMC may share investors' personal information with the following third parties:
1. Registrar, banks and / or authorised external third-party service providers who are involved in transaction processing, dispatches, etc., of investors' investment in the scheme;
  2. Distributors or sub-brokers through whom applications of investors are received; or
  3. Any other organisations for compliance with any legal or regulatory requirements or to verify the identity of investors for complying with anti- money laundering laws.
- c) The investor expressly agrees and authorises the Mutual Fund or AMC or their intermediaries to correspond with the investor or make payments through intermediaries including but not limited to post office, local and international couriers, and banks. The investor clearly understands that the Mutual Fund or AMC uses such intermediaries for convenience of the investor and such intermediaries are agents of the investor and not the Mutual Fund or AMC.

(xi) **Compliance with Foreign Account Tax Compliance Act (FATCA)**

FATCA is a United States (US) Federal Law, to improve compliance of US tax citizens who have foreign financial assets and offshore accounts. In terms of FATCA, foreign financial institutions (FFIs) are required to report information about financial accounts held by US taxpayers (even if they hold only non-US assets) or held by foreign entities in which US taxpayers hold a substantial ownership interest.

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

Further, the Mutual Fund (through its agents or service providers) may report the information related to the investment of any investor to the US tax authorities (or to an Indian agency as notified, once India signs the intergovernmental agreement with US) and redeem and/or apply withholding tax to payments to investors who fail to provide the information and documents required to identify their status, or are non-FATCA compliant financial institutions or fall within other categories specified in the FATCA provisions and regulations. Investors should consult their own tax advisors regarding the applicability of FATCA requirements to them.

The AMC would be required from time to time to:

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

FATCA due diligence will be applicable at each investor/unit holder (including joint holders) level and on being identified as reportable person/specified US person, all folios/accounts will be reported including their identity, direct or indirect beneficiaries, beneficial owners and controlling persons. Further, in case of folio(s)/account(s) with joint holder(s), the entire account value of the investment portfolio will be attributable under each such reportable person. Investor(s)/unitholder(s) will, therefore, be required to comply with the request of the AMC/the Mutual Fund to furnish such information, in a timely manner as may be required by the AMC/the Mutual Fund to comply with the due diligence/reporting requirements stated under IGA and/or the Guidelines issued from time to time. With respect to individuals, the US reportable accounts would cover those with US citizenship or US residency. One may note that in US, both US citizens and residents are taxed on their worldwide income. With respect to entities, FATCA requires reporting in relation to specified US persons (Eg. US partnerships, private corporations) as well as passive Non-Financial Foreign Entities (NFFEs) in which controlling interest is held by specified US person.

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

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

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

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

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

(xii) **Common Reporting Standard (CRS)**

On similar lines as FATCA, the Organization of Economic Development ("OECD"), along with the G20 countries, of which India is a member, has released a — Standard for Automatic Exchange of Financial Account Information in Tax Matters, in order to combat the problem of offshore tax evasion and avoidance and stashing of unaccounted money abroad, requiring cooperation amongst tax authorities. The G20 and OECD countries have together developed a CRS on automatic exchange of information ("AEOI"). The CRS on AEOI was presented to G20 Leaders in Brisbane on 16th November, 2014. On June 3, 2015, India has joined the multilateral competent authority agreement (MCAA) on AEOI. The CRS on AEOI requires the financial institutions of the source jurisdiction to collect and report information to their tax authorities about account holders - residentials in other countries, such information having to be transmitted -

automatically annually. The information to be exchanged relates not only to individuals, but also to shell companies and trusts having beneficial ownership or interest on the residential countries.

Appropriate rules have been notified to implement CRS and FATCA. In view of India's commitment to implement the CRS on AEOL and also the IGA with USA, and with a view to provide information to other countries, necessary legislative changes have been made through Finance (No. 2) Act, 2014, by amending section 285BA of the Income –tax Act, 1961. Income tax Rules, 1962 were

amended vide notification No. 62 of 2015 dated 7th August, 2015 by inserting Rules 114F to 114H and Form 61B to provide a legal basis for the Reporting Financial Institutions (RFIs) for maintaining and reporting information about the Reportable Accounts.

(xiii) **Ultimate Beneficial Ownership(UBO)**

As a part of Client Due Diligence (CDD) Process under PMLA 2002 read with PMLA Rules, 2005 each of the SEBI registered entity, which inter-alia includes Mutual Funds, is required to obtain sufficient information from their clients in order to identify and verify the identity of persons who beneficially own or control the securities account.

Further, pursuant to SEBI Master Circular No. CIR/ISD/ AML/3/2010 dated December 31, 2010 on Anti Money Laundering Standards and Guidelines on identification of Beneficial Ownership issued by SEBI vide its Circular No. CIR/MIRSD/2/2013 dated January 24, 2013 and Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 dated June 16, 2023 and Master Circular No. SEBI/ HO/ MIRSD/ DOP/ CIR/ P/ 2019/113 dated October, 15, 2019 and SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023, investors (other than Individuals) are required to provide details of Ultimate Beneficial Owner(s) ('UBO') and submit proof of identity (viz. PAN with photograph or any other acceptable proof of identity prescribed in common KYC form) of UBO(s).

In order to comply with the above Act/Rules/Regulations, the following Client Due Diligence (CDD) process shall be implemented with effect from January 1, 2015.

I. Applicability:

1. Providing information about beneficial ownership will be applicable to the subscriptions received from all categories of investors except Individuals and a Company listed on a stock exchange or is a majority owned subsidiary of such a Company.
2. Proof of Identity of the UBO such as Name/s, Address & PAN/Passport together with self- attested copy alongwith the declaration for Ultimate Beneficial Ownership form is required to be submitted to the AMC/its RTA. The form is available on the website of the AMC i.e. [www.wealthcompanyamc.in](http://www.wealthcompanyamc.in) or the investor may visit any of the nearest investor service centres.
3. In case of any change in the beneficial ownership, the investor should immediately intimate the AMC / its Registrar / KRA, as may be applicable, about such changes.

II. Identification Process:

For Investors other than Individuals or Trusts:

- (i) If the investor is an unlisted Company, partnership firm or unincorporated association / body of individuals, the beneficial owners are the natural person/s who is/are acting alone or together, or through one or more juridical person and exercising control through ownership or who ultimately has/a controlling ownership interest.
- (ii) Controlling ownership interest means ownership of / entitlement to:
  - a. more than 10% of shares or capital or profits of the juridical person, where juridical person is a Company.
  - b. more than 10% of the capital or profits of the juridical person, where the juridical person is a partnership firm; or
  - c. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

In cases, where there exists doubt as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity details should be provided of the natural person who is exercising control over the juridical person through other means (i.e. control exercised through voting rights, agreement, arrangements or in any other manner).

In case no natural person is identified under any of the above criteria, the person who holds the position of senior managing official shall be provided.

For Investor which is a Trust:

In case of a Trust, the settler of the trust, the trustee, the protector and the beneficiaries with 10% or more interest in the trust or any other natural person exercising ultimate effective control over the trust through a chain of control or ownership shall be considered as beneficial owner.

For Foreign Investors:

The Know Your Client requirements in case of foreign investors viz. Foreign Institutional Investors (FIIs), Sub accounts and Qualified Foreign Investors (QFIs) as specified in SEBI Circular No. CIR/MIRSD/11/2012 dated September 5, 2012 shall be considered for the purpose of identification of beneficial ownership of the investor. In case of Foreign Nationals, who are not KYC complied, please attach the ID proof, Nationality proof and Address proof. All proofs are to be in English language, else, it should be translated in English and must be attested by Indian Embassy of that country.

The AMC/ Trustee reserves the right to reject application forms submitted without disclosing necessary information as prescribed under the aforesaid laws/ rules/ regulations.

(xiv) **Refund of excess amounts**

In case any excess amount(s) is paid to any investor(s)/Unitholder(s) by The Wealth Company AMC whether on account of redemption of units, or any other account (and, in case of payments by cheque, whether encashed or not), whatsoever, then The Wealth Company AMC may seek refund of such excess amount(s) from such investor(s)/Unitholder(s). In case, such investor(s)/Unitholder(s) fail to refund such excess amount(s) within the specified period then The Wealth Company AMC, in addition to its rights as may be available to it under the law, shall also have the right to debit/set off/adjust, either in full or in part, such excess amount(s) together with interest thereon at the rate of 15% p.a. from the amount(s), if any, payable, whether presently or in future, by The Wealth Company AMC to such investor(s)/Unitholder(s) under any Scheme of The Wealth Company MF in the same Folio or any other Folio of such investor(s)/Unitholder(s).

(xv) **Powers To Make Rules**

The Mutual Fund/AMC may from time to time prescribe such forms and make such rules for the purpose of giving effect to the

provisions of the Scheme, and add to, alter or amend all or any of the forms and rules that may be framed from time to time in the interest of the Investors.

**C. GENERAL INFORMATION****1. Inter-scheme transfer of investments:**

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

- a) such transfers are done at the prevailing market price (essentially fair valuation price) for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a stock exchange for the spot transaction); and transfers of unquoted instruments will be made at fair valuation price. Inter-scheme transfer of all debt and money market securities are done as per the Price provided by valuation agencies (currently CRISIL / ICRA) for the said purpose, and as per the policy laid down by the Trustee from time to time; and the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
- b) With respect to Inter-scheme transfers, it has been decided that:
  - i. AMC's shall seek prices for IST of any money market or debt security (irrespective of maturity), from the valuation agencies.
  - ii. AMFI, in consultation with valuation agencies shall decide a turn-around-time (TAT), within which IST prices shall be provided by the agencies.
  - iii. If prices from the valuation agencies are received within the pre-agreed TAT, an average of the prices so received shall be used for IST pricing.
  - iv. If price from only one valuation agency is received within the agreed TAT, that price may be used for IST pricing.
  - v. If prices are not received from any of the valuation agencies within the agreed TAT, AMC's may determine the price for the IST, in accordance with Clause 3 (a) of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996.

**2. Aggregate investment in the scheme under the following categories:**

In accordance with Paragraph on 'Scheme Related Disclosures' of SEBI Master Circular for Mutual Funds dated June 27, 2024, the aggregate investment in the respective Scheme(s) by Board of Directors of The Wealth Company AMC and key personnel needs to be disclosed.

Scheme Name	Aggregate amount invested in the Scheme as on March 31, 2025 (market value in Rs.)		
	AMC's Board of Directors	Key personnel (excluding Fund Manager)	Fund Manager
	NA		

**3. Dematerialisation and Rematerialisation Procedures****How to apply for / get allotment of units in Demat mode:**

The investors who intend to deal in depository mode (Demat mode) are required to have a demat account with Central Depository Services (India) Ltd ("CDSL") / National Securities Depository Ltd. ("NSDL"). The investors who subscribe for units through Exchange (BSE / NSE) and wish to have units in Dematerialised form, are required to place an order for purchase of units with the AMFI certified distributor or SEBI registered investment advisors. The investor should provide their depository account details to AMFI certified distributor or SEBI registered investment advisors. The purchase order will be entered in the Stock Exchange system by AMFI certified distributor or SEBI registered investment advisors & an order confirmation slip will be issued to investor. The investor will transfer the funds to the clearing corporation. For purchases through other modes, depository account details to be mentioned in the transactions if the units are required in Demat mode. Such units, post allotment, will be credited to the mentioned depository account post validation.

**a. How to convert the units held in SoA mode to Demat mode:**

Investors desiring to convert the physical units (SoA mode) into dematerialized form, need to submit the dematerialized request along with their latest account statement with their Depository Participant.

**b. How to convert the units held in Demat mode to Remat mode:**

Investor has to apply for Remat through his Depository Participant (DP) and complete the prescribed applications available at DP end. Once this is done, DP will send the same to RTA for processing.

**c. How to redeem the units held in Demat mode:**

The investors who hold units in dematerialised form are required to place an order for redemption with the AMFI certified distributor or SEBI registered investment advisors. The investors should provide their AMFI certified distributor or SEBI registered investment advisors with Depository Instruction Slip with relevant units to be debited from his account. The redemption order will be entered in the system & an order confirmation slip will be issued to investor. Presently no limit is applicable for the redemption of units. However, redemptions can be placed only in terms of units.

Investor's also have an option of placing redemption on dematerialised units directly through their depository participant, wherein DP will upload redemptions directly with the depository which will be picked by RTA for processing.

**d. Is switch-transaction permissible if the units are held in Demat:**

Investors who intend to switch their demat units (Switch-in and switch-out transactions), need to submit the request through Stock Exchange platforms.

**e. The procedure for change in investor's profile / bank account details etc. in respect of units held in demat mode (i.e., To whom the investor is required to approach, in case of such requests):**

In case of non-financial requests/ applications such as change of investor's profile, address, bank details, complaints etc. investors should approach their respective Depository Participant(s) if units are held in demat mode.

**4. Additional Mode of Payment through Applications Supported by Blocked Amount (ASBA) (Only during NFO period):**

In line with para 14.8 of SEBI Master Circular dated June 27, 2024, all the new scheme (NFOs) shall offer ASBA facility to the investors subscribing to New Fund Offers (NFOs). This facility shall coexist with the current process, wherein cheques are used as a mode of payment.

Benefits of Applying through ASBA facility:

- I. Writing cheques and demand drafts is not required, as investor needs to submit ASBA application Form accompanying an authorization to block the account to the extent of application money towards subscription of Units. The balance money, if any, in the account can be used for other purposes by the investors.
- II. Release/Unblocking of blocked funds after allotment is done instantaneously.
- III. Unlike other modes of payment, ASBA facility prevents the loss of interest income on the application money towards subscription of Units as it remains in the bank account of the investor till the allotment is made.
- IV. Refunds of money to the investors do not arise as the application money towards subscription of Units gets blocked only on the allotment of Units.
- V. The investor deals with the known intermediary i.e. his/her own bank.
- VI. The application form is simpler as the application form for ASBA will be different from the NFO application form.

**ASBA Procedure**

- (a) An Investor intending to subscribe to the Units of the NFO through ASBA, shall submit a duly completed ASBA Application Form to a Self-Certified Syndicate Bank (SCSB), with whom his/her bank account is maintained.

Note: Self Certified Syndicate Bank (SCSB): Self Certified Syndicate Bank (SCSB) means a bank registered with SEBI to offer the facility of applying through the ASBA process. ASBAs can be accepted only by SCSBs, whose name appears in the list of SCSBs as displayed by SEBI on its website at [www.sebi.gov.in](http://www.sebi.gov.in).

- (b) The ASBA Application Form towards the subscription of Units can be submitted through one of the following Modes:
  - i) Submit the form physically with the Designated Branches (DBs) of the SCSB ("Physical ASBA");

Note: Designated Branches (DBs) of the SCSB: Designated Branches (DBs) of the SCSBs are the branches of the SCSBs which shall collect the ASBA Application form duly filled by the Investors towards the subscription to the Units of the Scheme offered during the NFO.

or

- ii) Submit the form electronically through the internet banking facility offered by the SCSB ("Electronic ASBA").
- (c) An acknowledgement will be given by the SCSB in the form of the counter foil or specifying the application number for reference. Such acknowledgement does not guarantee, in any manner that the investors will be allotted the Units applied for.
 

Note: if the bank account specified in the ASBA Application Form does not have sufficient credit balance to meet the application money towards the subscription of Units, the Bank shall reject the ASBA application form.
- (d) On acceptance of Physical or Electronic ASBA, the SCSB shall block funds available in the bank account specified to the extent of the application money specified in the ASBA Application Form.
- (e) The application money towards the Subscription of Units shall be blocked in the account until
  - (i) Allotment of Units is made or
  - (ii) Rejection of the application or
  - (iii) Winding up of the Scheme, as the case may be.
- (f) SCSBs shall unblock the bank accounts for (i) Transfer of requisite money to the Mutual Fund / Scheme bank account against each valid application on allotment or (ii) in case the application is rejected.
- (g) The list of SCSBs and their DBs where ASBA application form can be submitted is available on the websites of BSE ([www.bseindia.com](http://www.bseindia.com)), NSE ([www.nseindia.com](http://www.nseindia.com)) and SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and shall also be given in the ASBA application form.

Note: No request for withdrawal of ASBA application form made during the NFO Period will be allowed.

**Grounds for Technical Rejections of ASBA application forms**

ASBA Application Forms can be rejected, at the discretion of Registrar and Transfer Agent of Tata Mutual Fund or SCSBs including but not limited on the following grounds:-

1. Applications by persons not competent to contract under the Indian Contract Act, 1872, including but not limited to minors, insane persons etc.
2. Mode of ASBA i.e. either Physical ASBA or Electronic ASBA, not selected or ticked.
3. ASBA Application Form without the stamp of the SCSB.
4. Application by any person outside India if not in compliance with applicable foreign and Indian laws.
5. Bank account details not given/incorrect details given.

6. Duly certified Power of Attorney, if applicable, not submitted alongwith the ASBA application form.
7. No corresponding records available with the Depositories matching the parameters namely
  - (a) Names of the ASBA applicants (including the order of names of joint holders)
  - (b) DP ID (c) Beneficiary account number or any other relevant details pertaining to the Depository Account.

#### 5. **Portfolio Turnover Details**

For open-ended scheme, it is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. There may be an increase in transaction cost such as brokerage paid, if trading is done frequently. Frequent trading may increase the profits which will offset the increase in costs. The fund manager will endeavor to optimize portfolio turnover to maximize gains and minimize risks keeping in mind the cost associated with it. However, it is difficult to estimate with reasonable accuracy, the likely turnover in the portfolio of the Scheme. The Schemes has no specific target relating to portfolio turnover.

#### **Conflict of interest**

The Trustee Company, the Asset Management Company, the Custodian, the Registrar, any Associate, any Distributor, Dealer, other companies within the The Wealth Company group, etc. may from time to time act (individually and / or jointly) as manager, custodian, registrar, administrator, investment adviser, distributor or dealer or agent or marketing associate, respectively in relation to, or be otherwise involved in, other Schemes / Funds / Activities (in the same or different capacity) (to the extent permitted under various relevant Regulations), which may have similar investment objectives to those of the Scheme/ Fund. The The Wealth Company AMC, may for example, make investments for other permitted business activities or on its own behalf without making the same available to the Scheme / Fund. The Asset Management Company/Trustee Company will, at all times, have regard in such event to its obligations to act in the best interests of the Scheme / Fund so far as is practicable, having regard to its obligations to other permitted business activities and will ensure that such transactions are conducted with / by the Scheme / Fund purely on commercial terms / on an arm's length basis as principal to principal.

#### **Associate Transactions**

##### **Investment in Group Companies or companies lead managed by the Sponsor or any of its associates:**

Since this is the first scheme to be launched by The AMC, the disclosures under this section is not applicable. Investments, if any made in the group or associate companies of the AMC or Sponsor, shall be made as per the investment policy.

The following disclosures, summarizing historical information pertaining to the last three fiscal years of the schemes of the Mutual Fund under the management of the AMC, reflecting associate transactions and the manner in which such transactions affected the performance of schemes of the Mutual Fund, are required. These disclosures would ordinarily include any underwriting obligations undertaken by the schemes of the Mutual Fund with respect to issues of associate companies, devolvement, if any, of such commitments, subscription by the schemes in issues lead managed by associate companies, total business given to associate brokers and the percentage of brokerage commission paid to them, and any distribution of units performed by associate companies.

However, as the AMC has not yet launched any schemes of the Mutual Fund, the above disclosures are not applicable at present.

Investments, if any made in the group or associate companies of the AMC or Sponsor, shall be made as per the investment policy. As the AMC is yet to launch the first schemes there are no schemes of the mutual fund has invested more than 25% of its net assets in group companies.

Mutual fund does not propose to have dealings, transactions and services for marketing and distribution of the schemes with associates of the sponsor or the AMC and accordingly there will be no commissions that may be paid to them.

Utilization of services of the Associates: The AMC, on behalf of the Mutual Fund, may utilise the services of Sponsors, group companies and any other subsidiary or associate company of the Sponsors established or to be established at a later date, in case such a company (including their employees or relatives) is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arms-length basis and at a mutually agreed terms and conditions to the extent and limits permitted under the SEBI Regulations.

Appropriate disclosures, wherever required, shall be made by the AMC.

#### **D. Documents available for inspection:**

The following documents will be available for inspection at the office of the Mutual Fund at Pantomath Nucleus House, Saki Vihar Road, Andheri East, Mumbai – 400072, during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement

- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Consent of Legal Advisors to act in the said capacity if any
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

#### E. Investor grievance redressal mechanism:

Investors may contact any of the Investor Service Centers (ISCs) of the AMC for any queries / clarifications.

Investors may contact at toll free number 1800 267 3454

Email: [investorcare@wealthcompany.in](mailto:investorcare@wealthcompany.in)

In case, query remains unresolved, please contact:

#### Investor Relations Officer:

Mr. Sachin Shah

Wealth Company Asset Management Holdings Private Limited

Pantomath Nucleus House, Saki Vihar Road, Andheri East, Mumbai – 400072

Email: [investorcare@wealthcompany.in](mailto:investorcare@wealthcompany.in)

#### SCORES

SCORES is an online grievance redressal facilitation platform provided by SEBI. Complainants can lodge grievances pertaining to securities market against SEBI regulated entities like listed companies, Registered Intermediaries and Market Infrastructure Institutions. Investors shall first take up their grievances for redressal with the entity concerned, through their designated persons/officials who handle issues relating to compliance and redressal of investor grievances.

Investors can also register their complaint/grievances on the SCORES portal at <https://scores.sebi.gov.in>, which is developed by SEBI through their web portal.

How Scores works:

- Register on Scores- Fetch details from KYC Registration Agency or fill the Registration Form
- Lodge Complaint- Select appropriate category of complaint, Nature of Complaint and Name of the SEBI regulated Entity (i.e. Listed Company/ Registered Intermediaries/ Market Infrastructure Institutions)
- Track Status-Track the status of complaint. Please note that automatic reminders are sent to entities for timely resolution of complaint.
- Seek Review- Two level review system- Seek Review of your complaint within 15 days from date of receipt of ATR from the Entity for First Level Review and 15 days of receipt from Designated Body for Second Level Review.

The investors' complaints history for the last three fiscal years of existing schemes and the redressal mechanism thereof is not applicable for the AMC since this is the first scheme to be launched by the company.

#### Online Dispute Resolution (ODR)

In accordance with SEBI Master Circular with respect to Online Resolution of Disputes in the Indian Securities Market, a common Online Dispute Resolution ("ODR") Portal has been launched in order to harness online conciliation and online arbitration for resolution of disputes arising in the Indian Securities Market. The said Master Circular along with the link to the ODR Portal viz. <https://www.smartodr.in> has been displayed on our website [www.wealthcompanyamc.in](http://www.wealthcompanyamc.in) for the convenience of unitholders/investors.

#### F. Information pertaining to Investments by the Schemes of the Fund

##### 6. Derivative Strategies

Investments in Derivatives shall be in accordance with the guidelines as stated under Para 7.5, 7.6 and 12.25 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 June 27, 2024 as may be amended from time to time.

##### Investment in Derivatives

As part of the Fund Management process, the schemes, may use derivative instruments such as index futures and options, stock futures and options contracts, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with the investment objectives of the Scheme.

##### Equity Derivatives

The Scheme(s) may use various equity derivatives from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance unitholder's interest. Accordingly, the Scheme(s) may use derivative instruments like futures & options stock indices, future & options on individual securities or such other derivative instruments as may be introduced from time to time as permitted under the SEBI (Mutual Funds) Regulations, 1996.

## Illustration of some derivative transactions

### i) Stock/Index Futures:

Investment in Stock / Index Futures can give exposure to the stock/index without directly buying the individual stocks. Appreciation in Index / stocks can be effectively captured through investment in Stock / Index Futures. The Scheme can sell futures to hedge against market movements effectively without actually selling the stocks it holds.

Illustration

Spot Index: 2070

1-month Nifty Future Price on day 1: 2075 Scheme buys 100 lots

Each lot has a nominal value equivalent to 200 units of the underlying index. Situation 1:

Let us say that on the date of settlement, the future price = Closing spot price = 2085 Profits for the Scheme =  $(2085-2075) * 100 \text{ lots} * 200 = \text{Rs. } 200,000$

Situation 2:

Let us say that on the date of settlement, the future price = Closing spot price = 2065 Loss for the Fund =  $(2065-2075) * 100 \text{ lots} * 200 = (\text{Rs. } 200,000)$

Please note that the above example is given for illustration purposes only.

The net impact for the scheme will be in terms of the difference between the closing price of the index and cost price (ignoring margins and transaction costs for the sake of simplicity).

### Basic Structure of a Stock & Index Future

The Stock Index futures are instruments designed to give exposure to the equity markets indices. BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) provide futures in select stocks and indices with various maturity buckets. The pricing of a stock/index future is the function of the underlying stock/index and short-term interest rates.

### Buying Options:

Benefits of buying a call option: Buying a call option on a stock or index gives the owner the right, but not the obligation, to buy the underlying stock / index at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

### Illustration

For example, if the Scheme buys a one-month call option on A Limited at a strike of Rs. 250, the current market price being say Rs.251. The Scheme will have to pay a premium of say Rs. 15 to buy this call. If the stock price goes below Rs. 250 during the tenure of the call, the Scheme avoids the loss it would have incurred had it straightaway bought the stock instead of the call option. The Scheme gives up the premium of Rs. 15 that has to be paid in order to protect the fund from this probable downside. If the stock goes above Rs. 250, it can exercise its right and own A Limited at a cost price of Rs. 250, thereby participating in the upside of the stock.

Benefits of buying a put option: Buying a put option on a stock originally held by the buyer gives him/her the right, but not the obligation, to sell the underlying stock at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

### Basic Structure of an Option

An option gives a buyer the right but does not cast the obligation to buy or sell the underlying. An option is a contract between two parties wherein the buyer receives a privilege for which he pays a fee (premium), and the seller accepts an obligation for which he receives a fee. The premium is the price negotiated and set when the option is bought or sold. A person who buys an option is said to be long in the option. A person who sells (or writes) an option is said to be short in the option.

### Option Contracts (Stock and Index)

In the global financial markets, particularly securities markets, options have been, for quite many years, a means of conveying rights from one party to another at a specified price on or before a specific date, at a cost, which is called Premium. The underlying instrument can be an individual stock or a stock index such as the BSE Sensex (such options being referred to as index options). Options are used widely the world over to manage risk and generate income. Options may be preferred over futures as they provide asymmetric pay offs.

There are broadly two kinds of Options trade viz. Long & Short.

A Long Call is buying a Call option to purchase the stock at a later date at a fixed price called the strike price.

A Long Put on the other hand is buying Put option i.e. an option to sell the stock at a later date at the strike price.

Similarly, A Short Call is selling a Call option which is also called writing a Call option by which the option writer has an obligation to sell the stock to the call buyer at the strike price.

A Short Put is to sell or write a Put option i.e. an obligation to buy the stock from the Put buyer at the strike price. The specified price at which the shares are contracted to be purchased or sold is called the strike price. Options that can be exercised on or before the expiration date are called American Options, while those that can be exercised only on the expiration date are called European Options. Option contracts are designated by the type of option, name of the underlying, expiry month and the strike price.

### Writing of Covered Call Options by Mutual Fund Schemes:

- Mutual Fund schemes (except Index Funds and ETFs) may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:
- The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme.
- The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular Company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.

- d. At all points of time the Mutual Fund scheme shall comply with the provisions at paragraph (a) and (b) above. In case of any passive breach of the requirement at paragraph (a), the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme.
- e. In case a Mutual Fund scheme needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with paragraphs (a) and (b) above while selling the securities.
- f. In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts.
- g. The premium received shall be within the requirements prescribed in terms of paragraph 5 of SEBI circular dated August 18, 2010 i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the scheme.
- h. The exposure on account of the call option written under the covered call strategy shall not be considered as exposure in terms of paragraph 3 of SEBI Circular no. Cir/IMD/DF/11/2010, dated August 18, 2010.
- i. The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the scheme until the position is closed or expired.  
As and when SEBI notifies amended limits in position limits for exchange traded derivative contracts in future, the aforesaid position limits, to the extent relevant, shall be read as if they were substituted with the SEBI amended limits.

#### **Various Derivatives Strategies:**

If and where Derivative strategies are used under the scheme the Fund Manager may employ a combination of the following strategies:

#### **1. Index Arbitrage:**

Example: Nifty 50 Index. As the Nifty 50 Index derives its value from fifty underlying stocks, the underlying stocks can be used to create a synthetic index matching the Nifty Index levels. Also, theoretically, the fair value of a stock/ index futures is equal to the spot price plus the cost of carry i.e., the interest rate prevailing for an equivalent credit risk, in this case is the Clearing Corporation of the NSE. Theoretically, therefore, the pricing of Nifty Index futures should be equal to the pricing of the synthetic index created by futures on the underlying stocks. However, due to market imperfections, the index futures may not exactly correspond to the synthetic index futures. The Nifty Index futures normally trades at a discount to the synthetic Index due to large volumes of stock hedging being done using the Nifty Index futures giving rise to arbitrage opportunities. The fund manager shall aim to capture such arbitrage opportunities by taking long positions in the Nifty Index futures and short positions in the synthetic index. The strategy is attractive if this price differential (post all costs) is higher than the investor's cost-of-capital. Objective of the Strategy The objective of the strategy is to lock in the arbitrage gains.

#### **2. Cash Futures Arbitrage:**

(Only one way as funds are not allowed to short in the cash market).

The Scheme/s would look for market opportunities between the spot and the futures market. The cash futures arbitrage strategy can be employed when the price of the futures exceeds the price of the underlying stock. The Scheme will first buy the stocks in the cash market and then sell in the futures market to lock the spread known as arbitrage return. Buying the stock in the cash market and selling the futures results into a hedge where the Plans have locked in a spread and is not affected by the price movement of cash market and futures market. The arbitrage position can be continued till expiry of the future contracts. The future contracts are settled based on the last half an hour's weighted average trade of the cash market. Thus, there is a convergence between the cash market and the futures market on expiry. The strategy is attractive if this price differential (post all costs) is higher than the investor's cost-of-capital. Objective of the Strategy is to lock in the arbitrage gains.

#### **3. Hedging and alpha strategy:**

The fund may use exchange-traded derivatives to hedge the equity portfolio. The hedging could be either partial or complete depending upon the fund managers' perception of the markets. The fund manager shall either use index futures and options or stock futures and options to hedge the stocks in the portfolio. The fund may seek to generate alpha by superior stock selection and removing market risks by selling appropriate index. For example, one can seek to generate positive alpha by buying an IT stock and selling Nifty IT Index future or a bank stock and selling Bank Index futures or buying a stock and selling the Nifty Index. Objective of the Strategy The objective of the strategy is to generate alpha by superior stock selection and removing market risks by hedging with an appropriate index.

#### **4. Other Derivative Strategies:**

As allowed under the SEBI guidelines on derivatives, the fund manager may employ various other stock and index derivative strategies by buying or selling stock/index futures and/or options. Objective of the Strategy The objective of the strategy is to earn low volatility consistent returns.

#### **5. Covered Call Strategy:**

A call option gives the holder (buyer) the right but not the obligation to buy an asset by a certain date for a certain price. The covered call is a strategy in which a seller sells a call option on a stock he owns.

Benefits of using Covered Call strategy in Mutual Funds: The covered call strategy can be followed by the Fund Manager in order to hedge risk thereby resulting in better risk adjusted returns of the Scheme.

The strategy offers the following benefits:

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

Illustration – Covered Call strategy using stock call options: Suppose a fund manager buys equity stock of ABC Ltd. For Rs. 1000 and simultaneously sells a call option on the same stock at a strike price of Rs. 1100. The scheme earns a

premium of say, Rs. 50. Here, the fund manager does not think that the stock price will exceed Rs. 1100.

Scenario 1: Stock price exceeds Rs. 1100

The call option will get exercised, and the fund manager will sell the stock to settle his obligation on the call at Rs.1100 (earning a return of 10% on the stock purchase price). Also, the scheme has earned a premium of Rs. 50.

Net Gain –

Rs. 1100 (strike price) – Rs. 1000 (stock purchase price) + Rs. 50 (premium earned) = Rs. 150 . Scenario 2: Stock prices stay below Rs. 1100

The call option will not get exercised and will expire worthless. The premium earned on call option will generate alpha for the scheme.

Net Gain – Rs. 50 (premium earned).

#### **Fixed Income Derivatives Interest Rate Swap (IRS)**

IRS is a widely used derivative product in the financial markets to manage interest rate risk. A typical transaction is a contract to exchange streams of interest rate obligation/income on a notional principal amount with a counter party, usually a bank. The two interest streams are, fixed rate on one side and floating rate on the other.

Example: Suppose the Fund holds a fixed rate bond of maturity 5 years carrying a fixed interest rate (YTM) of 7.25% p.a. payable half yearly. Such an investment runs the risk of depreciation if interest rates rise. To manage this risk, the Fund can enter into an IRS with another market participant, here the Fund contracts to pay fixed rate, say 6.85% p.a., and receive a floating rate (say overnight MIBOR). This transaction is done for a notional principal amount equal to the value of the investment. By such a contract a fixed rate income is offset by a fixed rate payment obligation leaving only a floating rate income stream. Thus, without actually investing in a floating rate asset, the Fund starts earning a floating rate income, reducing the risk of depreciation associated with the fixed rate investment. Following table summarises the cash flow streams:

Original investment : 7.25% p.a. Pay (Fixed rate) : 6.85% p.a. (IRS) Receive (Floating rate) : MIBOR Net Flow : MIBOR + 0.40% p.a. (\*)

\* (7.25% p.a. – 6.85 % p.a.)

The floating rate reference is defined in the swap agreement.

The above example illustrates a case of fixed to floating rate swap. A swap could be done to move from floating rate to fixed rate in a similar fashion.

Please note that the above example is hypothetical in nature and the interest rates are assumed. The actual return may vary based on actual and depends on the interest rate prevailing at the time the swap agreement is entered into.

The Scheme will be allowed to take exposure in Interest Rate Swaps only on a non-leveraged basis. A swap will be undertaken only if there is an underlying asset in the portfolio.

The Scheme may use other derivatives such as interest rate futures, etc, to meet the investment objective of the Scheme, whenever such instruments are available in the market.

#### **Interest Rate Futures**

IRF means a standardized interest rate derivative contract traded on a recognized stock exchange to buy or sell a notional security or any other interest bearing instrument or an index of such instruments or interest rates at a specified future date, at a price determined at the time of the contract. Hedging using interest rate futures could be perfect or imperfect, subject to applicable regulations. Currently, exchange traded Interest Rate Futures traded on exchange are standardized contracts based on 10-Year Government of India Security and 91 day Treasury bill. IRF contracts are cash settled. IRFs give an opportunity in the fixed income market to hedge interest rate risk or rebalance the portfolio by using them. By locking into a price, the IRF contract can help to eliminate the interest rate risk. Thus, in order to protect against a fall in the value of the portfolio due to falling bond prices, one can take short position in IRF contracts.

Example:

Date: May 01, 2024 Spot price of the Government Security: Rs.105 Price of IRF– Jan contract: Rs. 105.5 On Jan 01, 2024, Fund buys 100 units of the Government security from the spot market at Rs. 105. Subsequently, it is anticipated that the interest rate will rise in the near future. Therefore to hedge the exposure in underlying Government security, Fund sells May 2024 Interest Rate Futures contracts at Rs. 105.5. On May 15, 2024 due to increase in interest rate: Spot price of the Government Security: Rs. 104 Futures Price of IRF Contract: Rs.104.2 Loss in underlying market will be  $(105 - 104) \times 100 = (Rs. 100)$  Profit in the Futures market will be  $(105.5 - 104.2) \times 100 = Rs. 130$

#### **Interest Rate Futures (IRFs) (both perfectly and imperfectly hedged):**

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

$(\text{Portfolio Modified Duration} \times \text{Market Value of the Portfolio}) / (\text{Futures Modified Duration} \times \text{Futures price/PAR})$

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

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

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

b. The scheme is permitted to resort to imperfect hedging, without it being considered under the gross exposure limits, if and only if, the correlation between the portfolio or part of the portfolio (excluding the hedged portions, if any) and the IRF is atleast 0.9 at the time of initiation of hedge. In case of any subsequent deviation from the correlation criteria, the same may be rebalanced within 5 working days and if not rebalanced within the timeline, the derivative positions created for hedging shall be considered under the gross exposure computed in terms of Para 3 of SEBI circular dated August 18, 2010. The correlation should be calculated for a period of last 90 days.

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

- i. The correlation for past 90 days between the portfolio and the IRF is at least 0.9 or
- ii. The correlation for past 90 days between the part of the portfolio (excluding the hedged portions, if any) i.e. at least 15% of the net asset of the scheme (including one or more securities) and the IRF is at least 0.9.
- iii. At no point of time, the net modified duration of part of the portfolio being hedged should be negative.
- c. The portion of imperfect hedging in excess of 20% of the net assets of the scheme should be considered as creating exposure and shall be included in the computation of gross exposure in terms of Para 3 of SEBI circular dated August 18, 2010.

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

The interest rate hedging of the portfolio will be in the interest of the investors.

### Hedging

Holders of the GOI securities are exposed to the risk of rising interest rates, which in turn results in the reduction in the value of their portfolio. So in order to protect against a fall in the value of their portfolio due to falling bond prices, they can take short position in IRF contracts.

Example:

On 17/05/2024 buy 7.26 G sec 2033: Rs. 100.19 at the current market price of Rs. 100.19

Step 1 - Short the 31/05/2024 IRF futures contract at say price of Rs. 100.29 (assuming IRF trading at premium)

Step 2 – Earn the carry (running yield) of the 10 yr G sec of 7.23% from date of purchase till IRF expiry.

Step 3 – IRF and cash market price will converge on the maturity of the contract hence sell the bond on the maturity.

Under the strategy, the trader has earned a return of Arbitrage =  $(100.29-100.19) / 100.19 * 365 / 10 = 3.65\%$

Current yield of G sec = 7.23%

Arbitrage + current yield of G sec = 10.88 % (Holding period Arbitrage) (Note: For simplicity accrued interest is not considered for calculation) Assuming IRF is trading at premium the above trade will be done.

Imperfect Hedge

Assume the portfolio of market value worth INR 1000 crore has a modified duration of 5. This is being hedged with an IRF that has a modified duration of 10. Considering that fund manager choose to hedge 20% of the portfolio the maximum extent of short position that may be taken in IRF is as below:

$(\text{Portfolio Modified Duration} * \text{Market Value of the Portfolio}) / (\text{Futures Modified Duration} * \text{Futures Price/PAR}) = (5 * (0.2 * 1000)) = (10 * (101/100)) = \text{Rs.99.01 Crores.}$

Hence the scheme can sell IRFs worth Rs.99.01 Crores and with duration of 10 to hedge Rs.200 Crores of portfolio with a duration of 5.

### Limits for investment in derivatives instruments

In accordance with Para 7.5 and 12.25 of SEBI Master Circular dated June 27, 2024, the following conditions shall apply to the Scheme's participation in the derivatives market. The investment restrictions applicable to the Scheme's participation in the derivatives market will be as prescribed or varied by SEBI or by the Trustees (subject to SEBI requirements) from time to time.

#### a) Position limit for the Mutual Fund in equity index options contracts

- The Mutual Fund position limit in all equity index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in equity index option contracts, whichever is higher,
- This limit would be applicable on open positions in all options contracts on a particular underlying index.

#### b) 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.

#### c) Additional position limit for hedging

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

- 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.

#### d) Position limit for the Mutual Fund for stock based derivative contracts

The combined futures and options position limit shall be 20% of applicable MWPL. The position limits for the Scheme and disclosure requirements are as follows–

- i. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of the Mutual Fund shall not exceed the higher of:
  - 1% of the free float market capitalisation (in terms of number of shares). Or
  - 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
- ii. This position limit shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
- iii. For index based contracts, the Mutual Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

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

1. As per para 12.25 of SEBI Master Circular dated June 27, 2024 “norms for investment and disclosure by Mutual Funds in derivatives”, the limits for exposure towards derivatives are as under:
2. The cumulative gross exposure through equity, debt, derivative positions, 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 scheme.
3. Mutual Funds 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 scheme.
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:-
  - Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
  - Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned above.
  - Any derivative instrument used to hedge has the same underlying security as the existing position being hedged. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.

**Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes.**

The value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. 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. 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 1.

**Participation of Mutual Funds in Credit Default Swaps (CDS) Mutual Fund Schemes as buyer of CDS**

Schemes may buy CDS only for the purpose of hedging their credit risk on debt securities they hold in various schemes. The exposure of CDS shall not exceed respective debt security exposure, and such exposure may not be added to gross exposure of the scheme.

In case the protected debt security is sold, schemes shall ensure that the respective CDS position is closed within fifteen working days of selling the above protected debt security.

The exposure of any protected debt security, for determining single issuer, group, sectoral limits and credit risk for various purposes including Risk-o-meter and Potential Risk Class (PRC) matrix of MF schemes, shall be considered as exposure to either issuer of debt security (reference entity) or seller of CDS, whichever has higher credit rating (lowest long term rating of instruments of seller of CDS shall be considered for comparison).

The exposure shall form part of overall single issuer limits for the reference entity or seller of CDS, whichever is applicable. In case of same rating for reference entity and seller of CDS, the exposure shall then be considered on reference entity and not on seller of CDS.

MF schemes shall buy CDS only from such sellers that have instruments with lowest long-term rating of investment grade and above.

Schemes may buy CDS for investment grade and existing below investment grade debt securities in the portfolio, if any.

**Mutual Fund Schemes as seller of CDS**

MF Schemes may sell CDS only as part of investment in synthetic debt securities, i.e., sell CDS on a reference obligation covered with Cash/GSec/T-bills. Overnight and Liquid schemes shall not sell CDS contracts.

Provided, Schemes shall comply with the directions issued by RBI from time to time in this regard. Schemes shall participate in CDS only through standard contracts prescribed by Fixed Income Money Market and Derivatives Association of India (FIMMDA). All CDS contracts shall be transacted either through Central Counterparty, if any or Request For Quote (RFQ) Platform.

MFs shall ensure Two-way Credit Support Annex (CSA) as part of CDS contracts.

Exposure through CDS (Notional amount of both CDS bought and sold) shall not exceed 10% of AUM of scheme and shall be within the overall limit of derivatives exposure as prescribed in Scheme Information Documents.

**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

**Swing Pricing**

SEBI introduced swing pricing framework for open ended debt mutual fund schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds).

Swing pricing is applicable only for scenarios related to net outflows from the schemes. Further, the circular mandates full swing during market dislocation times for high-risk open-ended debt schemes. Pursuant to the SEBI Circular, the swing pricing framework will be adapted during market dislocation times.

Currently, the Fund has decided not to adopt a policy pertaining to swing pricing during normal times.

Swing pricing refers to a process of adjusting scheme's net asset value (NAV) to effectively pass on transaction costs stemming from net capital activity (i.e., flows into or out of the fund) to the investors associated with that activity during the life of a fund, excluding ramp-up period or termination. In a liquidity-challenged environment, quoted bid/ask spreads and overall trading cost can widen and may not be representative of the executed prices that can be achieved in the market.

Swing pricing can be a useful mechanism for protecting the interests of existing investors, specifically from the dilution of their holdings and the value of their capital.

Swing pricing mechanism is a tool which can help protect remaining investors during any of the below instances when:

Any large investors choose to redeem where their actions would have material market impact costs

More active trading takes place for the scheme or

Scheme hold illiquid assets. Market Dislocation: SEBI will determine 'market dislocation' either based on AMFI's recommendation or suo-moto.

SEBI shall notify once market dislocation is declared that swing pricing will be applicable for a specified period. After the announcement of market dislocation, the swing pricing framework shall be mandated only for open ended debt schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds) in terms of clause 2.6 of the SEBI Master Circular which:

has High or Very High risk on the risk-o-meter in terms of clause 17.4 of the SEBI Master circular (as of the most recent period at the time of declaration of market dislocation) and

classifies themselves in the cells A-III, B-II, B-III, C-I, C-II and C-III of Potential Risk Class (PRC) Matrix in terms of clause 17.5 of the SEBI Master Circular.

Swing threshold refers to a pre-determined threshold set in terms of percentage of AUM that trigger the adjustment in the NAV (swinging of the NAV). During the market dislocation times swing pricing will be adapted when the scheme has net outflow irrespective of any swing threshold. Swing pricing shall be made applicable to all unitholders at PAN level for (redemptions and subscriptions) except for redemptions up to INR 2 lacs for each mutual fund scheme.

Minimum Swing Factor for Open-ended Debt Schemes			
Max Credit Risk of the Scheme →	Class A CRV** ≥12)	Class B (CRV ≥10)	Class C (CRV <10)
Max Interest Rate Risk of the Scheme			
Class I (MD ≤1)	Optional	Optional	1.5%
Class II (MD ≤3)	Optional	1.25%	1.75%
Class III: Any MD	1%	1.5%	2%
*: Scheme may levy higher swing factor, based on pre-defined parameters, redemption pressure and current portfolio of the scheme subject to a cap on swing factor to be decided by AMC.			

#### Disclosures pertaining to NAV adjusted for swing factor

The Scheme performance shall be computed based on Scheme NAV before Swing adjustment i.e. the unswung NAV.

Disclosures pertaining to NAV adjusted for swing factor along with the performance impact shall be made by the AMCs in following format in SIDs and in scheme wise Annual Reports and Abridged summary and the same may be disclosed on the website.

Illustration of swing pricing during market dislocation for scheme categorized under PRC A-III (suitably modified for other factors)

Computation of Swing NAV assuming net outflow from the scheme of INR 10 Crores on any date.

Particulars	Amount (Rs.)
Scheme NAV before swing adjustment	100.0000
Swing threshold (% of AUM)	Not applicable during market dislocation
Mandatory Swing Factor	1%
Adjusted NAV/ Swing NAV **	99.0000

\*\* The Adjusted NAV / Swing NAV would be applicable to both Redemption and Subscription transactions of the day when the scheme has net outflows.

Impact of Swing NAV on Redemption transaction in case of net outflow in the scheme where investor had redeemed in Amount.

Particulars	Amount (Rs.)/Unit
Amount Redeemed (Rs.)	20,00,00,000.00
Normal NAV (Rs.)	100.0000
Units to be redeemed (A/B)	20,00,000.000
Swing NAV (Rs.)	99.0000
Units to be redeemed at Swing NAV (A/D)	20,20,202.020

Impact (Additional Units redeemed on account of swing pricing framework)	20202.02
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Impact of Swing NAV on Redemption transaction in case of net outflow in the scheme where investor had redeemed in units

Sl.no	Particulars	Amount (Rs.)/Unit
A	Units Redeemed (Rs.)	20,00,000.00
B	Normal NAV (Rs.)	100.0000
C	Amount to be paid at Normal NAV (AxB)	20,00,00,000.000
D	Swing NAV (Rs.)	99.0000
E.	Amount to be paid at Swing NAV (AxD) (Rs.)	19,80,00,000.00
F	Impact (Value of redemption amount on account of swing pricing framework) (Rs.)	20,00,000.00

Impact of Swing NAV on Subscription transaction in case of net outflow in the scheme:

Sl.no	Particulars	Amount (Rs.)/Unit
A	Amount Invested *(Rs.)	10,00,00,000.00
B	Normal NAV (Rs.)	100.0000
C	Units to be allotted (A/B)	10,00,000.000
D	Swing NAV (Rs.)	99.0000
E.	Units to be allotted at Swing NAV (A/D)	10,10,101.010
F	Impact (Additional Units allotted on account of swing pricing framework)	10101.01

\* Assumed the amount invested is net of stamp duty.

### Triggering Swing Pricing on re-opening of a scheme after announcement of winding-up

There may be instances where AMC, after making an announcement to wind up a scheme, decides to roll- back the decision to wind up the scheme. Such situations may trigger large scale redemptions and hence, it would be prudent to invoke the Swing Pricing mechanism to manage such a situation. In other words, if AMC decides to reverse its decision to wind up the scheme, it shall mandatorily invoke the Swing pricing upon re-opening a scheme for subscriptions and redemptions post such announcement.

The indicative range of swing pricing for the parameter of "Re-opening of the scheme after announcement of Winding-up" shall be the same as applicable for swing pricing during normal times as communicated by AMFI/SEBI from time to time, and shall be for higher of swing period as may be decided by the Board of AMC or for a minimum of 7 working days as per AMFI upon re-opening a scheme for subscriptions and redemptions).

Current Indicative Range of Swing Threshold: The current Indicative range of the amount of Swing factor based on the PRC matrix as prescribed by AMFI is as follows:

### Segregation of Portfolio /Side pocketing:

To ensure fair treatment to all investors in case of a credit event and to deal with liquidity risk, SEBI has permitted creation of segregated portfolio of debt and money market instruments by mutual funds schemes

Creation of segregated portfolio shall be optional and at the discretion of the AMC. It should be created only if the Scheme information Document (SID) of the scheme has provisions for segregated portfolio with adequate disclosures. All new schemes should have the enabling provisions included in the SID for creation of segregated portfolio.

### Segregated Portfolio

In the event of default, AMC is permitted to opt for creation of segregated portfolio as per the guidelines issued by SEBI.

The term 'segregated portfolio' shall mean a portfolio, comprising of debt or money market instrument affected by a credit event (Default), that has been segregated in a mutual fund scheme(s).

The term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio.

The term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

### Credit Event

AMC may create segregated portfolio in a mutual fund scheme subject to the following:

Segregated portfolio may be created, in case of a credit event at issuer level i.e., downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:

Downgrade of a debt or money market instrument to 'below investment grade,' or

Subsequent downgrades of the said instruments from 'below investment grade',

or

Similar such downgrades of a loan rating.

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

Segregated portfolio of unrated debt or money market instruments may be created only in case of actual default of either the interest or principal amount. Actual default by the issuer of such instruments shall be considered as credit event for creation of segregated portfolio.

The Wealth Company AMCs shall inform AMFI immediately about the actual default by the issuer. Upon being informed about the default, AMFI shall immediately inform the same to all AMCs. Pursuant to dissemination of information by AMFI about actual default by the issuer, AMCs may segregate the portfolio of debt or money market instruments of the said issuer.

Further, Asset Management Companies/Valuation Agencies shall ensure that the financial stress of the issuer and the capabilities of issuer to repay the dues/borrowings are reflected in the valuation of the securities from the trigger date onwards.

### **Process for Creation of Segregated Portfolio**

The Wealth Company AMC shall decide on creation of segregated portfolio on the day of credit event. In case it decides to segregate portfolio, it shall:

seek approval of trustees prior to creation of the segregated portfolio.

immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. The mutual fund should also disclose that the segregation shall be subject to trustee approval. Additionally, the said press release shall be prominently disclosed on the website of the The Wealth Company MF.

ensure that till the time the trustee approval is received, which in no case shall exceed 1 business day from the day of credit event, the subscription and redemption in the scheme shall be suspended for processing with respect to creation of units and payment on redemptions.

Once trustee approval is received by the The Wealth Company AMC:

Segregated portfolio shall be effective from the day of credit event.

The Wealth Company AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information shall also be submitted to SEBI.

An e-mail or SMS should be sent to all unit holders of the concerned scheme(s).

The NAV of both segregated and main portfolio shall be disclosed from the day of the credit event.

All existing investors in the scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.

No redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests.

If the trustees do not approve the proposal to segregate portfolio, AMC shall issue a press release immediately informing investors of the same.

### **Valuation and processing of subscriptions and redemptions**

Notwithstanding the decision to segregate the debt and money market instrument, the valuation should consider the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets) in terms of the relevant provisions of SEBI (Mutual Funds) Regulations, 1996 and Circular(s) issued thereunder.

All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as per the provisions on applicability of NAV as under:

Upon trustees' approval to create a segregated portfolio -

Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.

Investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV.

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

Debt schemes which have investment in instruments with special features viz. subordination to equity (absorbs losses before equity capital) and /or convertible to equity upon trigger of a pre- specified event for loss absorption (Additional Tier I

bonds and Tier 2 bonds issued under Basel III) or debt schemes that have provision to invest in such instruments shall ensure that the said instrument is to be written off or converted to equity pursuant to any proposal, the date of said proposal may be treated as the trigger date. However, if the said instruments are written off or converted to equity without proposal, the date of write off or conversion of debt instrument to equity may be treated as the trigger date.

### **Disclosure Requirements**

In order to enable the existing as well as the prospective investors to take informed decision, the following shall be adhered to:

A statement holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event shall be communicated to the investors within 5 working days of creation of the segregated portfolio.

Adequate disclosure of the segregated portfolio shall appear in all scheme related documents, in monthly and half-yearly portfolio disclosures and in the annual report of the mutual fund and the scheme.

The Net Asset Value (NAV) of the segregated portfolio shall be declared on every business day.

The information regarding number of segregated portfolios created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, U n i f i M F and AMFI websites, etc.

The scheme performance required to be disclosed at various places shall include the impact of creation of segregated portfolio. The scheme performance should clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.

The disclosures at paragraphs (4) and (5) above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/ written-off.

The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

An illustration of disclosing the portfolios Pre-segregation and post segregation is provided as Annexure A.

#### **TER for the Segregated Portfolio**

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

The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence.

The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the The Wealth Company AMC.

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

#### **Monitoring by Trustees**

In order to ensure timely recovery of investments of the segregated portfolio, trustees shall ensure that:

The AMC puts in sincere efforts to recover the investments of the segregated portfolio.

Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.

1. An Action Taken Report (ATR) on the efforts made by the The Wealth Company AMC to recover the investments of the segregated portfolio is placed in every trustee meeting till the investments are fully recovered/ written-off.
2. The trustees shall monitor the compliance with the guidelines issued by SEBI regarding segregation of portfolio in mutual fund schemes and disclose in the half-yearly trustee reports filed with SEBI, the compliance in respect of every segregated portfolio created.

In order to avoid misuse of segregated portfolio, trustees shall ensure to have a mechanism in place to negatively impact the performance incentives of Fund Managers, Chief Investment Officers (CIOs), etc. involved in the investment process of securities under the segregated portfolio, mirroring the existing mechanism for performance incentives of the AMC, including claw back of such amount to the segregated portfolio of the scheme.

The existence of the provisions for segregated portfolio should not encourage the Fund Managers to take undue credit risk in the scheme portfolio. Any misuse of the provisions of segregated portfolio, would be considered serious and stringent action may be initiated.

#### **Risk Associated with Segregated Portfolio**

- (a) Investor
- (b) of segregated portfolio may not be able to liquidate their holdings till the time recovery of money from the issuer.
- (c) Security(ies) held in segregated portfolio may not realize any value.
- (d) Listing of units of segregated portfolio in recognized 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.

**ANNEXURE A****Illustration of Segregated Portfolio**

Portfolio Date	20 <sup>th</sup> September 2024
Downgrade Event Date	20 <sup>th</sup> September 2024
Downgrade Security	7.32% ABCD Limited 2026 from CRISIL AA+ to D
Valuation Marked Down	25%

Marked down to 25% on the date of credit event. Before being marked down the security was valued at Rs. 100.0356 per unit on the date of credit event i.e. on September 20, 2024. NCD of 7.32% ABCD Limited 2026 will be segregated as a separate portfolio.

Notes :

AMCs shall inform AMFI immediately about the actual default by the issuer. Upon being informed about the default, AMFI shall immediately inform the same to all AMCs. Pursuant to dissemination of information by AMFI about actual default by the issuer, AMCs may segregate the portfolio of debt or money market instruments of the said issuer. Further, Asset Management Companies/Valuation Agencies shall ensure that the financial stress of the issuer and the capabilities of issuer to repay the dues/borrowings are reflected in the valuation of the securities from the trigger date onwards.

**III. Short Selling/Stock Lending:**

Subject to the Regulations and Para 12.11 of Master Circular dated June 27, 2024 and the applicable guidelines issued by SEBI, the Mutual Fund may engage in short selling/ stock lending. Stock lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period.

The Investment Manager will apply the limits as specified in SID of the respective scheme, should it desire to engage in Stock Lending.

**IV. Borrowing by Mutual Fund**

The Mutual Fund is allowed to borrow to meet the temporary liquidity needs of the schemes for the purpose of repurchase, redemption of units or payment of interest or Income Distribution cum Capital Withdrawal to the unit holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of each scheme and the duration of such borrowing shall not exceed a period of six months. The cost of borrowing shall be adjusted against the portfolio yield of the scheme borrowing and borrowing cost over and above the portfolio yield shall be absorbed by the AMC.

**G. Stamp Duty****(a) Stamp Duty**

Unitholders are requested to note that, pursuant to Notification No. S.O. 1226(E) and G.S.R. 226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of the Finance Act, 2019 dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India, a stamp duty @0.005% of the transaction value would be levied on applicable mutual fund transactions (including transactions carried through stock exchanges and depositories for units in demat mode), with effect from July 1, 2020. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase/switch in transactions (including IDCW reinvestment) to the unitholders would be reduced to that extent.

Note: Transaction charges have been removed pursuant to SEBI Circular No.: SEBI/HO/IMD/PoD1/CIR/P/2025/115 dated August 08, 2025

**H. Requirement of minimum number of investors in a scheme****Applicability for an open-ended scheme****I. The Scheme/Plan shall have:**

a. a minimum of 20 investors and

a. no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s).

1 If either/both of such limit(s) is breached during the NFO of the Scheme, it shall be ensured that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions.

2 In case the Scheme / Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation would become applicable automatically without any reference from SEBI and accordingly the Scheme / Plan(s) shall be wound up and the units would be redeemed at applicable NAV.

3 The average net assets of the scheme would be calculated daily and any breach of the 25 % holding limit by an investor would be determined. At the end of the quarter, the average of daily holding by each such investor is computed to determine whether that investor has breached the 25 % limit over the quarter. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days' notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period.

- 4 The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI.
- 5 The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

## v) DISCLOSURES AND REPORTS BY THE FUND

### A. Account Statement/Consolidated Account Statement:

#### Accounts Statement/Consolidated Accounts Statements (CAS):

An applicant in a scheme whose application has been accepted shall have the option either to receive the statement of accounts or to hold the units in dematerialized form and the asset management Company shall issue to such applicant, a statement of accounts specifying the number of units allotted to the applicant or issue units in the dematerialized form as soon as possible but not later than five working days from the date of closure of the initial subscription list or from the date of receipt of the application.

On acceptance of application for financial transaction, a confirmation specifying the number of Units allotted/redeemed will be sent by way of e-mail and/or SMS to the applicant's registered e-mail address and/or mobile number within five Business Days from the date of transaction/closure of New Fund Offer (NFO) Period.

The Wealth Company Mutual Fund will send account statement with all details registered in the folio by way of an e-mail and/ or SMS to the investor's registered address/email address/registered mobile number later than five business days from the date of subscription/closure of New Fund Offer (NFO) period or by way of physical statement not later than five business days from the date of receipt of request from the unitholder.

In compliance with SEBI Circulars, The Wealth Company Mutual Fund will send the Consolidated Account Statement (CAS) to investors as follows:

1. A single Consolidated Account Statement (CAS) on basis of PAN (PAN of the first holder & pattern of holding, in case of multiple holding) will be dispatched to unitholders having Mutual Fund investments & holding Demat accounts by Depositories as per the specified timeline specified by SEBI at the end of the month in which transaction (the word 'transaction' shall include all financial transactions in demat accounts/Mutual Fund folios of the investor) takes place.
35. The CAS will not be received by the investors for the folio(s) not updated with PAN details. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN. Such investors will get monthly account statement from The Wealth Company Mutual Fund in respect of transactions carried out in the schemes of The Wealth Company Mutual Fund during the month on or within fifteenth day of the succeeding month.
36. In other cases i.e. where unitholders having no Demat account & only The Wealth Company MF units holding, The Wealth Company Mutual Fund shall continue to send the CAS as is being send on or within fifteenth day of the succeeding month in which financial transaction takes place.
37. In case the investor provides his email ids, statements are presently being dispatched by e- mail either by Fund or the Depository. Accordingly, CAS will also be sent through email. However, the Unitholders have an option to receive CAS in physical form at the address registered in the Depository system.
38. The dispatch of CAS by Depositories to Unitholders would constitute compliance by The Wealth Company Asset Management Pvt Ltd / the Fund with the requirements under Regulation 36(4) of SEBI (Mutual Funds) Regulations 1996.
39. Each CAS issued to the investors shall also provide the total purchase value / cost of investment in each scheme.
40. In case if no transaction has taken place in a folio during the period of six months ended September 30 and March 31, the CAS detailing the holdings across all schemes of all mutual funds, shall be emailed on half yearly basis, as per the specified timeline specified by board of succeeding month, unless a specific request is made to receive the same in physical form.
41. Half-yearly CAS shall be issued to all Mutual Fund investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period on or within twenty first day of the succeeding month. Further, CAS issued for the half-year(September/March) shall also provide:
  - a. The amount of actual commission paid by The Wealth Company AMC/Mutual Fund to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each mutual fund scheme. The term "commission" here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by The Wealth Company AMC/MF to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as Goods & Services Tax (wherever applicable, as per existing rates), operating expenses etc.
  - b. The scheme's average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and Other expenses for the period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in.

**B. Half Yearly Disclosures/Portfolio Disclosures/Financial Results: Portfolio Disclosure:**

The Wealth Company Mutual Fund will disclose portfolio (along with ISIN) in user friendly and downloadable spreadsheet format, as on the last day of the month/half year for all their schemes on its website <https://www.wealthcompanyamc.in/download-forms> and on the website of AMFI [www.amfiindia.com](http://www.amfiindia.com) within 10 days from the close of each month/half year. Disclosure of risk-o-meter of scheme, benchmark and portfolio details to the investors will be disclosed as mandated by provision no. 5.16 & 5.17 of SEBI Master Circular on Mutual Fund dated June 27, 2024.

In addition to monthly portfolio The Wealth Company Mutual Fund shall also disclose fortnightly portfolio for debt scheme within 5 days of every fortnight as per provision no. 5.1 of SEBI Master circular on Mutual Fund dated June 27, 2024.

In case of unitholders whose email addresses are registered, The Wealth Company Mutual Fund will send via email both the monthly and half yearly statement of scheme portfolio within 10 days from the close of each month /half year respectively.

**C. Half Yearly Results Unaudited Financial Results:**

The Wealth Company Asset Management Pvt Ltd shall within one month from the close of each half year, that is on 31st March & on 30th September, host a soft copy of its unaudited financial results on its website in the format specified in Twelfth Schedule of SEBI (Mutual Funds) Regulations 1996. The Wealth Company Mutual Fund / The Wealth Company Asset Management Pvt Ltd shall publish an advertisement disclosing the hosting of such financial results on their website, in atleast one English daily newspaper having nationwide circulation & in a newspaper having wide circulation published in the language of the region where the Head Office of the fund is situated.

**D. Annual Report**

Annual report or Abridged Summary, in the format prescribed by SEBI, will be hosted on AMC's website <https://www.wealthcompanyamc.in/download-forms>

**NOTES:**

1. This Statement of Additional Information
2. n ("SAI") will be uploaded by The Wealth Company Mutual Fund on its website (<https://www.wealthcompanyamc.in/download-forms>) and on AMFI website ([www.WealthCompanyamc.com](http://www.WealthCompanyamc.com)). The printed copy of the SAI will be made available to any investor on specific requests being made.
3. The SAI shall be updated within 3 months from the end of financial year and filed with SEBI. Any material changes in the SAI shall be made on an ongoing basis by way of updated on the website of the Mutual Fund and AMFI. SEBI shall also be intimated of the changes made in the SAI within 7 days.
4. Notwithstanding anything contained in the Statement of Additional Information the provisions of the SEBI (Mutual Funds) Regulations, 1996 and guidelines thereunder shall be applicable.