

# DSP

MUTUAL FUND

## SCHEME INFORMATION DOCUMENT

### DSP Multi Asset Allocation Fund

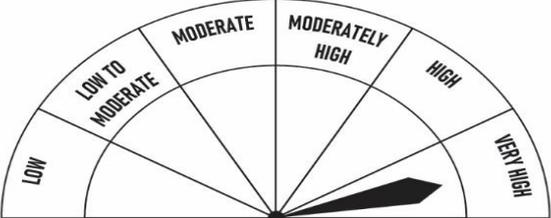
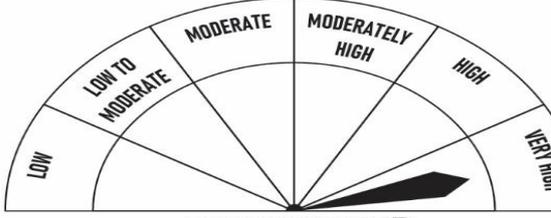
An open ended scheme investing in equity/equity related securities, debt/ money market instruments, commodity ETFs, exchange traded commodity derivatives and overseas securities

This scheme is suitable for investors who are seeking\*

- Long term capital growth
- Investment in a multi asset allocation fund with investments across equity and equity related securities, debt and money market instruments, commodity ETFs, exchange traded commodity derivatives, overseas securities and other permitted instruments

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

#### RISKOMETER

Scheme	Benchmark
 <p><b>RISKOMETER</b></p> <p>INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p>40% NIFTY500 TRI + 20% NIFTY Composite Debt Index + 15% Domestic Price of Physical Gold (based on London Bullion Market Association (LBMA) gold daily spot fixing price) + 5% iCOMDEX Composite Index + 20% MSCI World Index</p>  <p><b>RISKOMETER</b></p> <p>INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>

(The product labelling assigned during the New Fund Offer ('NFO') is based on internal assessment of the Scheme Characteristics or model portfolio and the same may vary post NFO when actual investments are made)

Offer of Units of Rs. 10/- each during the New Fund Offer and Continuous offer for Units at NAV based prices.

#### New Fund Offer of:

DSP Multi Asset Allocation Fund

Opens on: September 7, 2023 Closes on: September 21, 2023

Name of Mutual Fund	DSP Mutual Fund
Name of Asset Management Company	DSP Asset Managers Private Limited
CIN	(U65990MH2021PTC362316)
Name of Trustee Company	DSP Trustee Private Limited
CIN	(U65991MH1996PTC100444)
Addresses of the entities	Mafatlal Centre, 10th Floor, Nariman Point, Mumbai 400021
Website	www.dspim.com

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

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

The investors are advised to refer to the Statement of Additional Information (SAI) for details of DSP Mutual Fund, Tax and Legal issues and general information on [www.dspim.com](http://www.dspim.com).

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

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

This Scheme Information Document is dated September 01, 2023

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<b>HIGHLIGHTS/SUMMARY OF THE SCHEME</b>	
Name of the Scheme	DSP Multi Asset Allocation Fund
Type of Scheme	An open ended scheme investing in equity/equity related securities, debt/ money market instruments, commodity ETFs, exchange traded commodity derivatives and overseas securities
Category of the Scheme	Multi Asset Allocation
Scheme Code	DSPM/O/H/MAA/23/06/0065
Investment Objective	<p>The investment objective of the Scheme is to seek to generate long term capital appreciation by investing in multi asset classes including equity and equity related securities, debt and money market instruments, commodity ETFs, exchange traded commodity derivatives and overseas securities</p> <p>There is no assurance that the investment objective of the Scheme will be achieved.</p>
Liquidity	<p>Redemption or repurchase proceeds shall be dispatched to Unit Holders within 3 working Days from the date of redemption or repurchase.</p> <p>Investor may note that in case of exceptional scenarios provided by AMFI vide its communication no. AMFI/ 35P/ MEM-COR/ 74 / 2022-23 dated January 16, 2023 and prescribed under para 14.1.3 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, the AMC may not be able to adhere with the timelines prescribed above.</p>
Benchmark Index	40% NIFTY500 TRI + 20% NIFTY Composite Debt Index + 15% Domestic Price of Physical Gold (based on London Bullion Market Association (LBMA) gold daily spot fixing price) + 5% iCOMDEX Composite Index + 20% MSCI World Index
Transparency/NAV Disclosure	<p>The first NAV will be calculated and declared within 5 Business days from the date of allotment. The NAVs of the Scheme/plans will be calculated by the Mutual Fund on each Business Day and will be made available by 9:00 a.m. on the following Business Day.</p> <p>In case of unit holders whose email addresses are registered with the Fund, the AMC shall send fortnightly/half yearly portfolio via email within 5 days from the end of each fortnight/10 days from the end of each half year.</p> <p>The fortnightly/half yearly portfolio of the Scheme shall be available in a user-friendly and downloadable spreadsheet format on the AMFI's website <a href="http://www.amfiindia.com">www.amfiindia.com</a> and website of the AMC viz. <a href="http://www.dspim.com">www.dspim.com</a> on or before the 5th day of subsequent fortnight/10th day of succeeding half year.</p> <p>The AMC shall publish an advertisement every year disclosing the hosting of the scheme wise annual report on their respective website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which unit holders can submit a request for a physical or electronic copy of the scheme wise annual report or abridged summary thereof. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi.</p> <p>The AMC shall provide a physical copy of the statement of the Scheme portfolio, without charging any cost, on specific request received from a unit holder.</p> <p>Latest available NAVs shall be available to unit holders through SMS, upon receiving a specific request in this regard. NAV will be calculated and declared on every Business Day, except in special circumstances described under 'Suspension of Sale and Redemption of Units' in the SAI. The AMC will declare separate NAV under Regular Plan and Direct Plan of Scheme.</p>

	Refer relevant disclosures mentioned in the Statement of Additional Information ('SAI') available on the AMC's website. i.e. <a href="http://www.dspim.com">www.dspim.com</a> .
Loads	<p>Entry Load - Not Applicable</p> <p>The upfront commission on investment made by the investor shall be paid to the ARN Holder directly by the investor, based on the investor's assessment of various factors including service rendered by the ARN Holder.</p> <p>Exit Load - Nil</p> <p><u>Note:</u> No exit load shall be levied In case of switch of investments from Direct Plan to Regular Plan and vice versa</p>
Minimum Application Amount (First purchase and for subsequent purchase)	<p>Rs. 100/- and any amount thereafter</p> <p>Note: The minimum application amount will not be applicable for investment made in schemes in line with SEBI circulars on Alignment of interest of Designated Employees of AMC.</p>
Minimum installment for Systematic Investment Plan (SIP)	Rs. 100/- and any amount thereafter
Minimum installment for Systematic Withdrawal Plan (SWP)/Systematic Transfer Plan (STP)	Rs. 100/- and any amount thereafter
Plans under the Scheme	<ul style="list-style-type: none"> <li>- Regular Plan</li> <li>- Direct Plan</li> </ul> <p>The Plans under the Scheme will have common portfolio.</p>
Options available under each plans of the Scheme	<ul style="list-style-type: none"> <li>- Growth</li> <li>- Income Distribution cum Capital Withdrawal ('IDCW') <ul style="list-style-type: none"> <li>▪ Payout of Income Distribution cum Capital Withdrawal ('IDCW')</li> <li>▪ Reinvestment of Income Distribution cum Capital Withdrawal ('IDCW')</li> </ul> </li> </ul> <p><b>Default Option</b></p> <ul style="list-style-type: none"> <li>- Growth Option in case Growth Option or Income Distribution cum Capital Withdrawal (IDCW) Option is not indicated.</li> <li>- Payout sub-option in case Payout of IDCW Option or Reinvestment of IDCW Option is not indicated.</li> </ul>

## SECTION I. INTRODUCTION

### A. RISK FACTORS

#### Standard Risk Factors:

- 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 invest fluctuates, the value of your investment in the Scheme may go up or down. In addition to the factors that affect the value of individual investments in the Scheme, the NAV of the Scheme can be expected to fluctuate with movements in the broader equity and bond markets and may be influenced by factors affecting capital and money markets in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in Governmental policies, taxation, political, economic or other developments and increased volatility in the stock and bond markets.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 1 lakh made by it towards setting up the Mutual Fund.
- The present Scheme is not a guaranteed or assured return Scheme.

#### Additional Risk Factors for Foreign Investors:

##### 1. Political Risk

Investments in mutual fund Units in India may be materially adversely impacted by Indian politics and changes in the political scenario in India either at the central, state or local level. Actions of the central government or respective state governments in the future could have a significant effect on the Indian economy, which could affect companies, general business and market conditions, prices and yields of securities in which the Scheme invest.

The occurrence of selective unrest or external tensions could adversely affect the political and economic stability of India and consequently have an impact on the securities in which the Scheme invest. Delays or changes in the development of conducive policy frameworks could also have an impact on the securities in which the Scheme invest.

##### 2. Economic Risk

A slowdown in economic growth or macro-economic imbalances such as the increase in central and state level fiscal deficits may adversely affect investments in the country. The underlying growth in the economy is expected to have a direct impact on the volume of new investments in the country.

##### 3. Foreign Currency Risk

The Scheme is denominated in Indian Rupees (INR) which is different from the home currency for Foreign Investors in the mutual fund Units. The INR value of investments when translated into home currency by Foreign Investors could be lower because of the currency movements. The AMC does not manage currency risk for foreign investors and it is the sole responsibility of the Foreign Investors to manage or reduce currency risk on their own. The Sponsor/Fund/Trustees/AMC are not liable for any loss to Foreign Investors arising from such changes in exchange rates.

##### 4. Convertibility and Transferability Risk

In the event capital and exchange controls are imposed by the government authorities, it would prevent Foreign Investors' ability to convert INR into home currency and/or transfer funds outside India. The convertibility and transferability of INR proceeds into home currency is the responsibility of the Foreign Investors.

### **Scheme Specific Risk Factors**

#### **Risks associated with investing in equity and equity-related securities/instruments**

- **Price Risk:** Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis. The value of the Scheme's equity investments, 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 any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors. Investments in equity shares and equity related instruments involve a degree of risk and investors should not invest in the Scheme unless they can afford to take the risks.
- Investors may note that dividend is due only when declared and there is no assurance that a company (even though it may have a track record of payment of dividend in the past) may continue paying dividend in future. As such, the scheme is vulnerable to instances where investments in securities may not earn dividend or where lesser dividend is declared by a company in subsequent years in which investments are made by schemes. As the profitability of companies are likely to vary and have a material bearing on their ability to declare and pay dividend, the performance of the scheme may be adversely affected due to such factors.
- **Liquidity Risk for listed securities:** While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Scheme incurring losses till the security is finally sold.
- **Liquidity Risk on account of unquoted and unlisted securities:** Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk. Within the Regulatory limits, the AMC may choose to invest in unlisted securities. This may however increase the risk of the portfolio.
- The Scheme may use techniques and instruments for efficient portfolio management and to attempt to hedge or reduce the risk. However, these techniques and instruments if imperfectly used have the risk of the Scheme incurring losses due to mismatches particularly in a volatile market. The Scheme's ability to use these techniques may be limited by market conditions, regulatory limits and tax considerations (if any). The use of these techniques is dependent on the ability to predict movements in the prices of securities being hedged and movements in interest rates. There exists an imperfect correlation between the hedging instruments and the securities or market sectors being hedged. There is a possible absence of a liquid market for any particular instrument at any particular time even though the futures and options may be bought and sold on an organised exchange.
- Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the Schemes
- **Risks associated with the Scheme's Arbitrage Strategy:** The Scheme may to invest in equity and equity related instruments by identifying and exploiting price discrepancies in cash and derivative segments of the market. These investments by nature are volatile as the prices of the underlying securities are affected by various factors such as liquidity, time to settlement date, news flow, spreads between cash and derivatives market at different points of time, trading volumes, etc. There is no guarantee that the

Fund Manager will be able to spot investment opportunities or correctly exploit price discrepancies in the different segments of the market. The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. The Scheme may have a high portfolio churn, especially in a volatile market. There is an execution risk while implementing arbitrage strategies across various segments of the market, which may result in missed investment opportunities, or may also result in losses/high transaction costs. In case of a large outflow from the Scheme, the Scheme may need to reverse the spot-futures transaction before the settlement of the futures trade. While reversing the spot-futures transaction on the Futures and Options settlement day on the exchange, there could be a risk of volume-weighted-average-price of the market being different from the price at which the actual reversal is processed resulting in basis risk. While future market are typically more liquid than underlying cash market, there can be no assurance that ready liquidity would exist at all point in time for the Scheme to purchase and close out a specific futures contract. In case of arbitrage, if futures are allowed to expire with corresponding buy/sell in cash market, there is a risk that price at which futures expires, may/may not match with the actual cost at which it is bought/sold in the cash market in last half an hour of the expiry day (Weighted average price for buy or sell).

### **Risks Associated With Investment in Debt Securities and Money Market Instruments**

The following risks are applicable to the extent of Scheme's investment in debt securities money market instruments:

- **Market Risk:** The Net Asset Value (NAV) of the Scheme(s), to the extent invested in Debt and Money Market securities, will be affected by changes in the general level of interest rates. The NAV of the Scheme(s) is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates
- **Credit Risk:** Investments in Debt Securities are subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer
- **Rating Migration Risk:** Fixed income securities are exposed to rating migration risk, which could impact the price on account of change in the credit rating. For example: One notch downgrade of a AAA rated issuer to AA+ will have an adverse impact on the price of the security and vice-versa for an upgrade of a AA+ issuer
- **Re-investment Risk:** The investments made by the Scheme is subject to 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
- **Risk from zero coupon securities:** 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
- The Scheme(s) at times may receive large number of redemption requests, leading to an asset-liability mismatch and therefore, requiring the investment manager to make a distress sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments
- Investment in unrated instruments may involve a risk of default or decline in market value higher than rated instruments due to adverse economic and issuer-specific developments. Such investments display increased price sensitivity to changing interest rates and to a deteriorating economic environment. The market values for unrated investments tends to be more volatile and such securities tend to be less liquid

than rated debt securities

- **Liquidity Risk:** 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. The Scheme may choose to invest in unlisted securities that offer attractive yields. This may increase the risk of the portfolio. The inability of the Schemes to make intended securities purchases due to settlement. Problems could cause the Schemes to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the Schemes' portfolio due to the extraneous factors that may impact liquidity would result, at times, in potential losses to the Scheme, in case of a subsequent decline in the value of securities held in the Schemes' portfolio.
- The liquidity of investments made in the Scheme may be restricted by trading volumes besides operational issues like settlement periods and transfer procedures. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are uninvested and no return is earned thereon. The inability of the Scheme to make intended securities purchases, due to settlement problems, could cause the Scheme to miss certain investment opportunities. By the same token, the inability to sell securities held in the Scheme's portfolios, 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, should there be a subsequent decline in the value of securities held in the Scheme's portfolios.
- Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the Schemes
- **Risk associated with floating rate securities:** To the extent the Scheme' investments are in floating rate debt instruments or fixed debt instruments swapped for floating rate return, they will be affected by:

Interest rate movement (Basis Risk) - Coupon rates on floating rate securities are reset periodically in line with the benchmark index movement. Normally, the interest rate risk inherent in a floating rate instrument is limited compared to a fixed rate instrument. Changes in the prevailing level of interest rates will likely affect the value of the Scheme' holdings until the next reset date and thus the value of the Scheme' Units. The value of securities held by the Scheme generally will vary inversely with changes in prevailing interest rates.

The Mutual Fund could be exposed to interest rate risk (i) to the extent of time gap in the resetting of the benchmark rates, and (ii) to the extent the benchmark index fails to capture interest rate changes appropriately; Spread Movement (Spread Risk) - Though the basis (i.e. benchmark) gets readjusted on a regular basis, the spread (i.e. markup) over benchmark remains constant. This can result in some volatility to the holding period return of floating rate instruments; Settlement Risk (Counterparty Risk) - Specific floating rate assets may also be created by swapping a fixed return into a floating rate return. In such a swap, there is the risk that the counterparty (who will pay floating rate return and receive fixed rate return) may default; Liquidity Risk: The market for floating rate securities is still in its evolutionary stage and therefore may render the market illiquid from time to time, for such securities that the Scheme has invested

- **Risks associated with investing in Tri Party Repo through CCIL (TREPS):** The mutual fund is a member of securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. CCIL maintains prefunded resources

in all the clearing segments to cover potential losses arising from the default member. In the event of a clearing member failing to honour his settlement obligations, the default Fund is utilized to complete the settlement. The sequence in which the above resources are used is known as the –Default Waterfall. As per the waterfall mechanism, after the defaulter’s margins and the defaulter’s contribution to the default fund have been appropriated, CCIL’s contribution is used to meet the losses. Post utilization of CCIL’s contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members. Thus the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member). However, it may be noted that a member shall have the right to submit resignation from the membership of the Security segment if it has taken a loss through replenishment of its contribution to the default fund for the segments and a loss threshold as notified have been reached. The maximum contribution of a member towards replenishment of its contribution to the default fund in the 7 days (30 days in case of securities segment) period immediately after the afore-mentioned loss threshold having been reached shall not exceed 5 times of its contribution to the Default Fund based on the last re-computation of the Default Fund or specified amount, whichever is lower. Further, it may be noted that, CCIL periodically prescribes a list of securities eligible for contributions as collateral by members. Presently, all Central Government securities and Treasury bills are accepted as collateral by CCIL. The risk factors may undergo change in case the CCIL notifies securities other than Government of India securities as eligible for contribution as collateral.

#### **Risk factors associated with investments in Perpetual Debt Instrument (PDI)**

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

- i. Risk on coupon servicing:
  - a. Banks: As per the terms of the instruments, Banks have discretion at all times to cancel distributions/ payment of coupons.
  - b. NBFCs: While NBFCs have discretion at all times to cancel payment of coupon, coupon can also be deferred (instead of being cancelled), in case paying the coupon leads to breach of capital ratios.
  - c. Corporates: Corporates usually have discretion to defer the payment of coupon. However, the coupon is usually cumulative and any deferred coupon shall accrue interest at the original coupon rate of the PDI.
- ii. Risk of write-down or conversion into equity:
  - a. Banks: As per current RBI guidelines, banks have to maintain a Common Equity Tier-1 (CET-1) ratio of minimum 5.5% of Risk Weighted Assets (RWAs), failing which the AT-1 bonds can get written down. Further, AT-1 Bonds are liable to be written down or converted to common equity, at the discretion of RBI, in the event of Point of Non Viability Trigger (PONV). PONV is a point, determined by RBI, when a bank is deemed to have become non-viable unless there is a write off/ conversion to equity of AT-1 Bonds or a public sector capital injection happens. The write off/conversion has to occur prior to public sector injection of capital. This risk is not applicable in case of NBFCs and Corporates
- iii. Risk of instrument not being called by the Issuer:
  - a. Banks: The issuing banks have an option to call back the instrument after minimum period of 5 years from the date of issuance and typically annually thereafter, subject to meeting the RBI guidelines. However, if the bank does not exercise the call on first call date, the Scheme may have to hold the instruments for a period beyond the first call exercise date.
  - b. NBFCs: The NBFC issuer has an option to call back the instrument after minimum period of 10 years

from date of issuance and typically annually thereafter, subject to meeting the RBI guidelines. However, if the NBFC does not exercise the call option the Scheme may have to hold the instruments for a period beyond the first call exercise date.

- c. Corporates There is no minimum period for call date. However, if the corporate does not exercise the call option, the Scheme may have to hold the instruments for a period beyond the call exercise date
- iv. Risk of rating downgrades: The Rating agencies, which rate the instruments, have a slightly different rating methodology for these Instruments compared to plain vanilla bonds. In the event of deterioration of the financial health of the Issuer or due to other reasons, the rating of the Perpetual Debt Instruments may be downgraded whilst the ratings of other bonds issued by the issuer may remain constant. In such a scenario, Perpetual Debt Instrument holders may incur losses on their investment
- v. Liquidity risk: There may be no active market for the Perpetual Debt Instruments on the platform of the Stock Exchanges. As a result, the liquidity and market prices of the Perpetual Debt Instruments may fail to develop and may accordingly be adversely affected. There is no assurance that a trading market for the Perpetual Debt Instruments will exist and no assurance as to the liquidity of any trading market. The liquidity and market prices of the Perpetual Debt Instruments can be expected to vary with changes in market and economic conditions, financial condition and prospects and other factors that generally influence market price of such instruments. Such fluctuations may significantly affect the liquidity and market price of these Instruments, which may trade at a discount to the price at which one purchases these instruments.

#### **Risks associated with segregated portfolio:**

- Investor holding units of segregated portfolio may not able to liquidate their holding till the time recovery of money from the issuer
- Security comprises of segregated portfolio may not realise any value
- Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV

#### **Risk associated with investments in repo of corporate debt securities**

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

- **Counterparty Risk:** This refers to the inability of the seller to meet the obligation to buy back securities at the contracted price. The Investment Manager will endeavour to manage counterparty risk by dealing only with counterparties having strong credit profiles assessed through in-house credit analysis or with entities regulated by SEBI/RBI/IRDA
- **Collateral Risk:** In the event of default by the repo counterparty, the scheme have recourse to the corporate debt securities. Collateral risk arises when the market value of the securities is inadequate to meet the repo obligations. This risk is mitigated by restricting participation in repo transactions only in AA and above rated money market and corporate debt securities. In addition, appropriate haircuts are applied on the market value of the underlying securities to adjust for the illiquidity and interest rate risk on the underlying instrument.

#### **Risks Associated With Investing In Equity Derivatives**

Derivatives require the maintenance of adequate controls to monitor the transactions and the embedded market risks that a derivative adds to the portfolio. Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives.

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

Other risks in using derivatives include but are not limited to:

- (a) Counterparty Risk - this occurs when a counterparty fails to abide by its contractual obligations and therefore, the Schemes are compelled to negotiate with another counter party, at the then prevailing (possibly unfavourable) market price. For exchange traded derivatives, the risk is mitigated as the exchange provides the guaranteed settlement but one takes the performance risk on the exchange.
- (b) Market Liquidity risk where the derivatives cannot be transacted at prices that reflect the underlying assets, rates and indices.
- (c) Model Risk, the risk of mis-pricing or improper valuation of derivatives.
- (d) Basis Risk arises when the instrument used as a hedge does not match the movement in the instrument/ underlying asset being hedged.

The risks may be inter-related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets. 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 investment manager to identify such opportunities. Identification and execution of the strategies to be pursued by the investment manager involve uncertainty and decision of investment manager may not always be profitable. No assurance can be given that the investment manager will be able to identify or execute such strategies.

Derivative trades involve execution risks, whereby the rates seen on the screen may not be the rate at which ultimate execution takes place.

- The option buyer's risk is limited to the premium paid.
- 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.
- Risk of loss in trading in futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and potential high volatility of the futures markets.

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.

#### **Risk factors with respect to imperfect hedging using interest rate futures**

An Interest Rate Futures is an agreement to buy or sell a debt instrument at a specified future date at a price that is fixed today. Interest Rate Futures are Exchange traded. These future contracts are cash settled.

1. Perfect Hedging means hedging the underlying using IRF contract of same underlying.
2. Imperfect hedging means the underlying being hedged and the IRF contract has correlation of closing prices of more than 90%.  
In case of imperfect hedging, the portfolio can be a mix of:
  - 1) Corporate Bonds and Government securities or
  - 2) Only Corporate debt securities or

### 3) Only government securities with different maturities

#### **Risk associated with imperfect hedging includes:**

**Basis Risk:** The risk arises when the price movements in derivative instrument used to hedge the underlying assets does not match the price movements of the underlying assets being hedged. Such difference may potentially amplify the gains or losses, thus adding risk to the position.

**Price Risk:** The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

**Risk of mismatch between the instruments:** The risk arises if there is a mismatch between the prices movements in derivative instrument used to hedge, compared to the price movement of the underlying assets being hedged. For example when IRF which has government security as underlying is used, to hedge a portfolio that contains corporate debt securities.

**Correlation weakening and consequent risk of regulatory breach:** SEBI Regulation mandates minimum correlation criterion of 0.9 (calculated on a 90 day basis) between the portfolio being hedged and the derivative instrument used for hedging. In cases where the correlation falls below 0.9, a rebalancing period of 5 working days has been permitted. Inability to satisfy this requirement to restore the correlation level to the stipulated level, within the stipulated period, due to difficulties in rebalancing would lead to a lapse of the exemption in gross exposure computation. The entire derivative exposure would then need to be included in gross exposure, which may result in gross exposure in excess of 100% of net asset value.

#### **Risks associated with Securities Lending & Borrowing and Short Selling**

Securities Lending means the lending of securities to SEBI approved intermediaries for a tenure of 1 to 12 months at a negotiated compensation in order to enhance returns of the scheme portfolio. The securities lent will be returned by the borrower on the expiry of the stipulated period. Securities Lending and Borrowing (“SLB”) is an exchange traded product in India, with trades done on order matching platforms setup by the clearing corporation/house of recognized stock exchanges. In accordance with SEBI guidelines, there is a robust risk management system and safeguards exercised by the clearing corporation/house, which also guarantee financial settlement hence eliminating counterparty risk on borrowers.

The Scheme may participate as a lender in the SLB market and lend securities held in the portfolio for earning fees from such lending to enhance revenue of the Scheme. The key risk to the Scheme is creation of temporary illiquidity due to the inability to sell such lent securities, till the time such securities are returned on the contractual settlement date or on exercise of early recall.

The Scheme shall follow all relevant regulations /guidelines issued by stock exchange(s) from time to time with respect to Securities Borrowing and Lending. The Scheme shall participate in Securities Borrowing and Lending only with the SEBI approved intermediaries.

The Scheme may enter into short selling transactions in accordance with the guidelines prescribed by SEBI. The key risk to the Scheme is increase in the price of such securities, requiring the Scheme to purchase the securities sold short to cover the position even at unreasonable prices resulting in a loss to the Scheme.

#### **Risk associated with taxation:**

In the event that exposure of more than 35% of the total proceeds in the Scheme is not invested in the equity shares of domestic companies, the scheme will fall under the category of Specified Mutual Fund,

and thus the capital gains/loss will be deemed to be short term capital gains/loss and investors may lose the benefit of long-term capital taxation (including the applicability of indexation) applicable to Debt schemes.

### **Risks with REIT/Invit**

- **Market Risk:** REITs and InvITs are volatile and prone to price fluctuations on a daily basis owing to market movements. Investors may note that AMC/Fund Manager's investment decisions may not always be profitable, as actual market movements may be at variance with the anticipated trends. The 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. The scheme will undertake active portfolio management as per the investment objective to reduce the market risk.
- **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 fund will try to maintain a proper asset-liability match to ensure redemption payments are made on time and not affected by illiquidity of the underlying units.
- **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. However, the reinvestment risk will be limited as the proceeds are expected to be a small portion of the portfolio value.

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

### **Risks with Covered Calls**

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. Covered calls are an options strategy where a person holds a long position in an asset and writes (sells) call options on that same asset to generate an income stream. The Scheme may write call options under covered call strategy, as permitted by the regulations. Risks associated thereto are mentioned below:

- a) Writing call options are highly specialized activities and entail higher than ordinary investment risks. In such investment strategy, the profits from call option writing is capped at the option premium, however the downside depends upon the increase in value of the underlying equity shares. This downside risk is reduced by writing covered call options.
- b) The Scheme may write covered call option only in case it has adequate number of underlying equity shares as per regulatory requirement. This would lead to setting aside a portion of investment in underlying equity shares. If covered call options are sold to the maximum extent allowed by regulatory authority, the scheme may not be able to sell the underlying equity shares immediately if the view changes to sell and exit the stock. The covered call options need to be unwound before the stock positions can be liquidated. This may lead to a loss of opportunity, or can cause exit issues if the strike price at which the call option contracts have been written become illiquid. Hence, the scheme may not be able to sell the underlying equity shares, which can lead to temporary illiquidity of the underlying equity shares and result in loss of opportunity.
- c) The writing of covered call option would lead to loss of opportunity due to appreciation in value of the underlying equity shares. Hence, when the appreciation in equity share price is more than the option premium received the scheme would be at a loss.

- d) The total gross exposure related to option premium paid and received must not exceed the regulatory limits of the net assets of the scheme. This may restrict the ability of Scheme to buy any options.

**Risk associated with investments in Gold & Gold ETF's and Silver & Silver ETFs:**

- **Gold/Silver Price Risk:** Fluctuations in the price of Gold / Silver could adversely affect investment value of the Scheme. The factors that may affect the price of Gold / Silver, inter alia, include demand & supply, economic and political developments, changes in interest rates and perceived trends in bullion prices, exchange rates, inflation trends, market movements, movement/trade of Gold / Silver that may be imposed by RBI, trade and restrictions on import/export of Gold / Silver or Gold / Silver jewellery etc. The returns from physical Gold / Silver may underperform returns from any other asset class. Investors should be aware that there is no assurance that Gold / Silver will maintain its long-term value in terms of purchasing power in the future. In the event that the price of Gold / Silver declines, the value of investment is expected to decline proportionately.
- **Liquidity Risk:** The scheme has to sell Gold / Silver only to bullion bankers/ traders who are authorized to buy Gold / Silver. Though, there are adequate number of players (commercial or bullion bankers) to whom the Scheme can sell Gold / Silver. However, the Scheme may have to resort to distress sale of Gold / Silver if there is no or low demand for Gold / Silver to meet its cash needs of redemption or expenses. The Scheme may retain certain investments in cash or cash equivalents for its day-to-day liquidity requirements.
- **Risks associated with handling, storing and safekeeping of physical Gold / Silver:** There is a risk that part or all of the Scheme's Gold / Silver could be lost, damaged or stolen. Access to the Scheme's Gold / Silver could also be restricted by natural events or human actions. Any of these actions may have adverse impact on the operations of the scheme and consequently on investment in units.
- **Currency Risk:** The formula for deriving the NAV of the units of the scheme is based on the imported (landed) value of the Gold / Silver, which is computed by multiplying international market price by US Dollar value. Hence the value of NAV or Gold / Silver will depend upon the conversion value and attracts all the risk associated with such conversion.
- **Physical Gold / Silver:** There is a risk that part or all of the Scheme's Gold / Silver could be lost, damaged or stolen. Access to the Scheme's Gold / Silver could also be restricted by natural events or human actions. Any of these actions may have adverse impact on the operations of the scheme and consequently on investment in units.
- **Indirect taxation:** For the valuation of Gold / Silver by the Scheme, indirect taxes like customs duty, VAT, etc. would also be considered. Hence, any change in the rates of indirect taxation / applicable taxes would affect the valuation of the Scheme.
- **Counter party Risk:** There is no Exchange for physical Gold / Silver in India. The Scheme may have to buy or sell Gold / Silver from the open market, which may lead to counter party risks for the Mutual Fund for trading and settlement.
- **Risks Related to the Custody of Gold / Silver**

The Custodian is responsible for the safekeeping of the Gold / Silver bullion and also facilitates the transfer of Gold / Silver bullion into and out of the vault. Although the Custodian is a market maker, clearer and approved weigher under the rules of the LBMA (which sets out good practices for participants in the bullion market), the LBMA is not an official or governmental regulatory body. Accordingly, the Scheme is dependent on the Custodian to comply with the best practices of the LBMA and to implement satisfactory internal controls for its Gold / Silver bullion custody operations in order to keep the Gold / Silver bullion secure. The Custodian is responsible for loss or damage to the Gold

/ Silver only under limited circumstances. The AMC does not insure its Gold / Silver (Underlying Gold / Silver of the scheme). The Custodian maintains insurance on such terms and conditions as it considers appropriate in connection with its custodial obligations under the Custodian Agreement and is responsible for all costs, fees and expenses arising from the insurance policy or policies. The AMC is not a beneficiary of any such insurance and does not have the ability to dictate the existence, nature or amount of coverage. Therefore, Shareholders cannot be assured that the Custodian maintains adequate insurance or any insurance with respect to the Gold / Silver held by the Custodian on behalf of the Trust.

- **Operational Risks:** Gold / Silver Exchange Traded Funds are relatively new products and their value could decrease if unanticipated operational or trading problems arise. Gold / Silver Exchange Traded Fund, an open ended Exchange Traded Fund, is therefore subject to operational risks.
- The scheme may invest in Gold / Silver ETFs. The units may trade above or below their NAV. The NAV of the Scheme will fluctuate with changes in the market value of the holdings. The trading prices will fluctuate in accordance with changes in their NAV as well as market supply and demand. The units of the ETFs will be valued at the market price of the said units on the principal exchange. The valuation price may be at a variance to the underlying NAV of the fund, due to market expectations, demand supply of the units, etc.
- However, given that units can be created and redeemed in Creation Units, it is expected that large discounts or premiums to the NAV will not sustain due to arbitrage opportunity available.
- In case of investment in Gold / Silver ETFs, the scheme will subscribe to the units of Gold / Silver ETFs according to the value equivalent to unit creation size as applicable. When subscriptions received are not adequate enough to invest in creation unit size, the subscriptions may be deployed in debt and money market instruments which will have a different return profile compared to Gold / Silver returns profile
- **Tracking Error:** “Tracking Error” i.e. the annualised standard deviation of the difference in daily returns between physical Gold / Silver and the NAV of Gold / Silver ETF may arise including but not limited to the following reasons: -
  - a) Expenditure incurred by the fund.
  - b) Available funds may not be invested at all times as the Scheme may keep a portion of the funds in cash to meet Redemptions, for corporate actions or otherwise.
  - c) Securities trading may halt temporarily due to circuit filters.
  - d) Disinvestments to meet redemptions, recurring expenses, etc.
  - e) Execution of large buy / sell orders
  - f) Transaction cost (including taxes and insurance premium) and recurring expenses
  - g) Realisation of Unit holders’ funds
  - h) Accounting for indirect taxes including tax reclaims
  - i) SEBI Regulations (if any) may impose restrictions on the investment and/or divestment activities of the Scheme. Such restrictions are typically outside the control of the AMC and may cause or exacerbate the Tracking Error

**Risk Factors Associated with Investments in Other Commodities and Exchange Traded Commodity Derivatives (ETCD) of various commodities:**

- **Commodity risks:** The Scheme may invest in commodities markets and may therefore have investment exposure to the commodities markets and one or more sectors of the commodities markets, which may subject the Scheme to greater volatility than investments in traditional securities, such as stocks and bonds. Volatility in the commodities markets may be caused by changes in overall market movements, domestic and foreign political and economic events and policies, war, acts of terrorism, changes in domestic or foreign interest rates and/or investor expectations concerning interest rates,

domestic and foreign inflation rates, investment and trading activities of mutual funds, hedge funds and commodities funds, and factors such as drought, floods, weather, livestock disease, embargoes, tariffs and other regulatory developments, or supply and demand disruptions. Because the Scheme's performance is linked to the performance of volatile commodities, investors should be willing to assume the risks of potentially significant fluctuations in the value of the Scheme's shares.

- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of investment strategies depends upon the ability of the fund manager(s) to identify such opportunities which may always not be available. Identification and execution of the strategies to be pursued by the fund manager(s) involve uncertainty and decision of fund manager(s) may not always be profitable. No assurance can be given that the fund manager(s) will be able to identify or execute such strategies.
- The AMC within the regulatory guidelines and room given in Scheme information document, may use derivative on commodities (like Futures and Options). The use of derivatives may affect the performance of the scheme
- Systemic risks which may be witnessed while trading in Indian Commodities Market are Liquidity risk, Price risk in terms of volatility, Exchange Risk and counterparty risks.
- **Liquidity Risk:** While ETCDs that are listed on an exchange carry lower liquidity risk, the ability to sell these contracts is limited by the overall trading volume on the exchanges. The liquidity of the Schemes' investments is inherently restricted by trading volumes of the ETCD contracts in which it invests. Additionally, change in margin requirements or intervention by government agencies to reduce overall volatility in the underlying commodity could lead to adverse impact on the liquidity of the ETCD.
- **Price risk:** ETCDs are leveraged instruments hence, a small price movement in the underlying security could have a large impact on their value. Also, the market for ETCDs is nascent in India hence, arbitrages can occur between the price of the physical commodity and the ETCD, due to a variety of reasons such as technical issues and volatile movement in the price of the physical good. This can result in mispricing and improper valuation of investment decisions as it can be difficult to ascertain the amount of the arbitrage.
- **Settlement risk:** ETCDs can be settled either through the exchange or physically. The inability to sell ETCDs held in the Schemes' portfolio in the exchanges due to the extraneous factors may impact liquidity and would result in losses, at times, in case of adverse price movement. Wherein the underlying commodity is physically delivered in order to settle the derivative contract, such settlement could get impacted due to various issues, such as logistics, Government policy for trading in such commodities.
- If the Commodities futures position passes its last square off date or the 'Intention' is missed to be provided before the Delivery Intention period, the buyer or the seller will be allocated delivery of the commodity. Thus, there emerges a risk of holding goods in physical form at the warehouses. Though the commodity is inclusive of insurance cost, there is a small deductible in each claim which is not payable by the Insurance company.

#### **Risks associated with Overseas Securities**

Subject to necessary approvals, in terms of all applicable guidelines issued by SEBI and RBI from time to time and within the investment objectives of the Schemes, the Schemes may invest in overseas markets and securities which carry a risk on account of fluctuations in the foreign exchange rates, nature of securities market of the country concerned, repatriation of capital due to exchange controls and political circumstances.

### **Risk associated with investments in Overseas ETFs/Index Funds:**

Subject to necessary approvals, in terms of all applicable guidelines issued by SEBI and RBI from time to time and within the investment objectives of the Scheme, the Scheme may invest in overseas ETFs/index funds which carry a risk on account of fluctuations in the foreign exchange rates, nature of securities market of the country concerned, repatriation of capital due to exchange controls and political circumstances. Risks related to investments in overseas ETFs/index funds include:

- **Financial Markets, Counterparties and Service Providers:** The underlying ETFs/index funds may be exposed to finance sector companies that act as a service provider or as counterparty for financial contracts. In times of extreme market volatility, such companies may be adversely affected, with a consequent adverse effect on the returns. Regulators and self-regulatory organisations and exchanges are 16tabilize16 to take extraordinary actions in the event of market emergencies. The effect of any future regulatory actions could be substantial and adverse.
- **Global Financial Market Crisis and Governmental Intervention:** Since 2007, global financial markets have undergone pervasive and fundamental disruption and suffered significant instability which has led to governmental intervention. Regulators in many jurisdictions have implemented or proposed a number of emergency regulatory measures. Government and regulatory interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been detrimental to the efficient functioning of financial markets. It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the ability to implement a Fund's investment objective. Whether current undertakings by governing bodies of various jurisdictions or any future undertakings will help 16tabilize the financial markets is unknown. The Fund Managers cannot predict how long the financial markets will continue to be affected by these events and cannot predict the effects of these - or similar events in the future - on an ETF/index fund or global economy and the global securities markets. The Fund Managers are monitoring the situation. Instability in the global financial markets or government intervention may increase the volatility of the ETFs and hence the risk of loss to the value of your investment.
- **Liquidity Risk:** Trading volumes in the underlying investments of the Underlying ETFs/index funds may fluctuate significantly depending on market sentiment. There is a risk that investments made by the Underlying ETFs/index funds may become less liquid in response to market developments, adverse investor perceptions or regulatory and government intervention (including the possibility of widespread trading suspensions implemented by domestic regulators). In extreme market conditions, there may be no willing buyer for an investment and so that investment cannot be readily sold at the desired time or price, and consequently the relevant ETF/index fund may have to accept a lower price to sell the relevant investment or may not be able to sell the investment at all. An inability to sell a particular investment or portion of assets can have a negative impact of the value of the Underlying ETF/index fund or prevent the relevant Underlying ETFs/index funds from being able to take advantage of other investment opportunities.

Similarly, investment in equity securities issued by unlisted companies, small and mid-capitalisation companies and companies based in emerging countries are particularly subject to the risk that during certain market conditions, the liquidity of particular issuers or industries, or all securities within a particular investment category, will reduce or disappear suddenly and without warning as a result of adverse economic, market or political events, or adverse market sentiment.

Liquidity risk also includes the risk that relevant Underlying ETFs/index funds may be forced to defer redemptions, issue in specie redemptions or suspend dealing because of stressed market conditions, an unusually high volume of redemption requests, or other factors beyond the control of the investment manager. To meet redemption requests, the Underlying schemes may be forced to sell investments at an unfavorable time and/or conditions, which may have a negative impact on the value of the Scheme.

- **Credit Risk & Market Risk:** To the extent that the underlying ETFs/index funds invest in corporate debt securities, they are subject to the risk of an issuer's inability to meet interest and principal payments on its debt obligations (credit risk). Debt securities may also be subject to price volatility due to factors such as changes in credit rating, interest rates, general level of market liquidity and market perception of the creditworthiness of the issuer among others (market risk).
- **Term Structure of Interest Rates (TSIR) Risk:** To the extent that the underlying ETFs/index funds are invested in fixed income securities, the NAV of the Units issued under the ETFs is likely to be affected by changes in the general level of interest rates. When interest rates decline, the value of a portfolio of fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income securities can be expected to decline.
- **Country Risks:**  
The value of the underlying ETF's/index funds assets may be affected by uncertainties such as changes in a country's government policies, taxation, restrictions on foreign investment, currency decisions, applicable laws and regulations, together with any natural disasters or political upheaval, which could weaken a country's securities markets
- **Equity Risks:** The values of equities fluctuate daily and an ETF/index fund investing in equities could incur significant losses. The price of equities can be influenced by many factors at the individual company level, as well as by broader economic and political developments, including changes in investment sentiment, trends in economic growth, inflation and interest rates, issuer-specific factors, corporate earnings reports, demographic trends and catastrophic events.
- **Smaller Capitalisation Companies:** Securities issued by small companies may be riskier, more volatile or less liquid than those of large companies. They are often new companies with shorter track records, less extensive financial resources, and less established markets. They may not have as many tradable shares compared with large companies, therefore, they tend to be less liquid.
- **Emerging Markets:** Emerging markets are typically those of poorer or less developed countries which exhibit lower levels of economic and/or capital market development, and higher levels of share price and currency volatility. Amongst these, those which exhibit the lowest levels of economic and/or capital market development may be referred to as frontier markets, and the below mentioned risks may be amplified for these markets. Some emerging markets governments exercise substantial influence over the private economic sector and the political and social uncertainties that exist for many developing countries are particularly significant. Another risk common to most such countries is that the economy is heavily export oriented and, accordingly, is dependent upon international trade. The existence of overburdened infrastructures and inadequate financial systems also presents risks in certain countries, as do environmental problems. In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future. In addition to withholding taxes on investment income, some emerging markets may impose capital gains taxes on foreign investors.

Generally accepted accounting, auditing and financial reporting practices in emerging markets may be significantly different from those in developed markets. Compared to mature markets, some emerging markets may have a low level of regulation, enforcement of regulations and monitoring of investors' activities. Those activities may include practices such as trading on material nonpublic information by certain categories of investor. The securities markets of developing countries are not as large as the more established securities markets and have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalisation and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration

of investors and financial intermediaries. These factors may adversely affect the timing and pricing of an ETF's/index funds acquisition or disposal of securities.

Practices in relation to the settlement of securities transactions in emerging markets involve higher risks than those in developed markets, in part because of the need to use brokers and counterparties which are less well capitalised, and custody and registration of assets in some countries may be unreliable.

Delays in settlement could result in investment opportunities being missed if an ETF/index fund is unable to acquire or dispose of a security. The Depositary is responsible for the proper selection and supervision of its correspondent banks in all relevant markets in accordance with applicable law and regulation. In certain emerging markets, registrars are not subject to effective government supervision nor are they always independent from issuers. Investors should therefore be aware that the ETFs/index fund concerned could suffer loss arising from these registration problems.

- **Risk of Investing in Specific Sectors and Themes:** Where investment is made in one or in a limited number of market sectors, Underlying ETFs/index funds may be more volatile than other more diversified Schemes. The companies within these sectors may have limited product lines, markets, or financial resources, or may depend on a limited management group. Such ETFs/index funds may also be subject to rapid cyclical changes in investor activity, regulatory changes and / or the supply of and demand for specific products and services. As a result, a stock market or economic downturn in the relevant specific sector or sectors or a regulatory change having disproportionate impact on the specific sector would have a larger impact on an ETF/index fund that concentrates its investments in that sector or sectors than on a more diversified Fund.
- **Depositary Receipts Risk:** the issuers of certain depositary receipts are under no obligation to distribute shareholder communications to the holders of such receipts, or to pass through to them any voting rights with respect to the deposited securities. Investment in depositary receipts may be less liquid than the underlying shares in their primary trading market. Depositary receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. In addition, the issuers of the stock underlying unsponsored depositary receipts are not obligated to disclose material information in the United States.
- **Restrictions on Foreign Investment:** Some countries prohibit or impose substantial restrictions on investments by foreign entities such as a Fund. As illustrations, certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit the investment by foreign persons in a company to only a specific class of securities which may have less advantageous terms than securities of the company available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. The manner in which foreign investors may invest in companies in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of an Underlying ETF/index fund . For example, an Underlying ETF/index fund may be required in certain of such countries to invest initially through a local broker or other entity and then have the share purchases re-registered in the name of the Underlying ETF/index fund. Re-registration may in some instances not be able to occur on a timely basis, resulting in a delay during which an Underlying ETF/index fund may be denied certain of its rights as an investor, including rights as to dividends or to be made aware of certain corporate actions. There also may be instances where an Underlying ETF places a purchase order but is subsequently informed, at the time of re-registration, that the permissible allocation to foreign investors has been filled, depriving the Underlying ETF/index fund of the ability to make its desired investment at the time.

Substantial limitations may exist in certain countries with respect to an Underlying ETFs/index funds ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. An Underlying ETF/index fund could be adversely affected by delays in, or a refusal to grant any required governmental approval for repatriation of capital, as well as by the application to the Underlying

ETF/index fund of any restriction on investments. A number of countries have authorised the formation of closed-end investment companies to facilitate indirect foreign investment in their capital markets. Shares of certain closed-end investment companies may at times be acquired only at market prices representing premiums to their net asset values. If an Underlying ETF/index fund acquires shares in closed-end investment companies, shareholders would bear both their proportionate share of expenses in the ETF/index fund (including management fees) and, indirectly, the expenses of such closed end investment companies. In addition, certain countries such as India and the PRC implement quota restrictions on foreign ownership of certain onshore investments. These investments may at times be acquired only at market prices representing premiums to their net asset values and such premiums may ultimately be borne by the relevant Underlying ETF/index fund.

- **Taxation of underlying ETFs/index funds and assets:** Investors should note in particular that the proceeds from the sale of securities in some markets or the receipt of any dividends and other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at source. As a result, the Underlying ETF/index fund (and therefore the Scheme) could become subject to additional taxation in such countries.

Investors should note that there may be additional taxes, charges or levies applied in respect of the ETF's investments depending on the location of the assets of the Underlying ETF/index fund and the jurisdiction in which the Underlying ETF/index fund is located, registered or operated. Investors should also note that the Underlying ETF's/index funds investment managers and the ETF's/index funds ability to provide tax information and audited accounts in respect of the Underlying ETF/index fund to Unit Holders of the Scheme is dependent on the relevant tax and other information being provided in timely fashion. Accordingly, delays may occur in respect of delivery of such information to the Scheme's Unit Holders.

- **Currency Risk:** The assets in which the Underlying ETF/index fund is invested and the income from the assets may be quoted in currencies which are different from the Underlying ETF's/index funds base currency. The performance of the Underlying ETF/index fund may therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the Underlying ETF's/index funds base currency and hence there can be the prospect of additional loss or gain for the Unit Holder than what may be normally derived from the assets in which the Underlying ETF/index fund invests. The performance of the Underlying ETF/index fund may also be affected by changes in exchange control regulations. Conversion into foreign currency or transfer from some markets of proceeds received from the sale of securities cannot be guaranteed. Exchange rate fluctuations may also occur between the trade date for a transaction and the date on which the currency is acquired to meet settlement obligations. Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging that may be used to minimize the effect of currency fluctuations may not always be successful.
- **Valuation Risk:** The price the underlying ETF/index fund could receive upon the sale of a security or other asset may differ from the underlying ETF's/index funds valuation of the security or other asset and from the value used by the Underlying Index, particularly for securities or other assets that trade in low volume or volatile markets or that are valued using a fair value methodology as a result of trade suspensions or for other reasons. The underlying ETF's/index funds ability to value investments may be impacted by technological issues or errors by pricing services or other thirdparty service providers.
- **Risks Associated with Derivatives:** The Underlying ETF/index fund may use derivatives in connection with its investment strategies. 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 investment manager of the Underlying ETF/index fund to identify such opportunities. Identification and execution of the strategies to be pursued by the investment manager of the Underlying ETF/index fund involve uncertainty and decision of the investment manager of may not always be profitable. No assurance can be given that the investment manager of the Underlying ETF/index fund will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in Securities and other traditional investments. Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in the losses that significantly exceed the Underlying ETF's/index funds original investment. Certain derivatives may give rise to a form of leverage. Due to the low margin deposits normally required in trading financial derivative instruments, an extremely high degree of leverage is typical for trading in financial derivative instruments. As a result, the Underlying ETF/index fund may be more volatile than if the Underlying ETF/index fund had not been leveraged. A relatively small price movement in a derivative contract may result in substantial losses to the investor.

Derivatives are also subject to the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. The use of derivatives for hedging or risk management purposes or to increase income or gain may not be successful, resulting in losses to the Underlying ETF/index fund and the cost of such strategies may reduce the Underlying ETF's/index funds returns and increase the Underlying ETF's/index funds potential for loss.

The Underlying ETF/index fund may take short positions on a security through the use of financial derivative instruments in the expectation that their value will fall in the open market. The possible loss from taking a short position on a security differs from the loss that could be incurred from a cash investment in the security; the former may be unlimited as there is no restriction on the price to which a security may rise, whereas the latter cannot exceed the total amount of the cash investment. The short selling of investments may also be subject to changes in regulations, which could impose restrictions that could adversely impact returns to investors.

- **Risks of Exchange Traded Derivative Transactions:** The securities exchange on which the shares of the Underlying ETF/index fund may be listed may have the right to suspend or limit trading in all securities which it lists. Such a suspension would expose the Underlying ETF/index fund to losses and delays in its ability to redeem shares.
- **Legal risk - OTC Derivatives, Repurchase and Reverse Repurchase Transactions, Securities Lending and Re-used Collateral:** There is a risk that agreements and derivatives techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in tax or accounting laws. In such circumstances, an underlying ETF/index fund may be required to cover any losses incurred. Furthermore, certain transactions are entered into on the basis of complex legal documents. Such documents may be difficult to enforce or may be the subject of a dispute as to interpretation in certain circumstances. Whilst the rights and obligations of the parties to a legal document may for example be governed by English or Luxembourg law, in certain circumstances (for example insolvency proceedings) other legal systems may take priority which may affect the enforceability of existing transactions.
- **Securities Lending:** The underlying ETFs/index funds may engage in securities lending. The underlying ETFs/index funds engaging in securities lending will have a credit risk exposure to the counterparties to any securities lending contract. Fund investments can be lent to counterparties over a period of time. A default by the counterparty combined with a fall in the value of the collateral below that of the value of the securities lent may result in a reduction in the value of the underlying ETFs/index funds.
- **Infectious Illness Risk.** An outbreak of an infectious respiratory illness, COVID 19, caused by a novel coronavirus has resulted in travel restrictions, disruption of healthcare systems, prolonged quarantines, cancellations, supply chain disruptions, lower consumer demand, layoffs, ratings downgrades, defaults and other significant economic impacts. Certain markets have experienced temporary closures, extreme volatility, severe losses, reduced liquidity and increased trading costs. Such events can have an impact on the underlying ETFs/index funds and could impact their ability to purchase or sell securities or cause elevated tracking error and increased premiums or discounts to the NAV. Other infectious illness outbreaks in the future may result in similar impacts.

- **Operational Risk.** The underlying ETFs/index funds are exposed to operational risks arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the service providers, counterparties or other third-parties, failed or inadequate processes and technology or systems failures.
- **Counterparty Risk:** An underlying ETF/index fund will be exposed to the credit risk of the parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the relevant underlying ETF/index fund. This would include the counterparties to any derivatives, repurchase / reverse repurchase agreement or securities lending agreement that it enters into. Trading in derivatives which have not been collateralised gives rise to direct counterparty exposure.

#### **Risk associated with investing in underlying ETFs:**

- In addition to the recurring expenses of the Scheme, the Unit Holders shall also bear the applicable expenses of the Underlying ETF/index fund. Therefore, the returns that the Unit Holder of the Scheme may receive may be impacted or may, at times, be lower than the returns that a Unit Holder, who is directly investing in the same Underlying ETF/index fund, could obtain.
- **Index-Related Risk.** There is no guarantee that the underlying ETF's/index funds investment results will have a high degree of correlation to those of the Underlying Index or that the underlying ETF/index fund will achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the underlying ETF's/index funds ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data, index computations or the construction of the Underlying Index in accordance with its methodology may occur from time to time and may not be identified and corrected by the Index Provider for a period of time or at all, which may have an adverse impact on the underlying ETF/index fund. Unusual market conditions may cause the Index Provider to postpone a scheduled rebalance, which could cause the Underlying Index to vary from its normal or expected composition
- **Passive Investment Risk.** The underlying ETF/index fund is not actively managed, and the fund manager generally does not attempt to take defensive positions under any market conditions, including declining markets
- **Tracking Error Risk.** The underlying ETF/index fund may be subject to tracking error, which is the divergence of its performance from that of the Underlying Index. Tracking error may occur because of differences between the securities and other instruments held in the ETF/index fund portfolio and those included in the Underlying Index, pricing differences (including, as applicable, differences between a security's price at the local market close and the ETF's/index funds valuation of a security at the time of calculation of the Fund's NAV), transaction costs incurred by the ETF/index fund, the holding of uninvested cash, differences in timing of the accrual of or the valuation of dividends or interest, the requirements to maintain pass through tax treatment, portfolio transactions carried out to minimize the distribution of capital gains to shareholders, acceptance of custom baskets, changes to the Underlying Index or the costs to the ETF/index fund of complying with various new or existing regulatory requirements. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also may result because the ETF/index fund incurs fees and expenses, while the Underlying Index does not.

#### **Risks Associated With Transaction in Units Through Stock Exchange Mechanism**

In respect of transactions in Units of the Scheme through NSE and/or BSE or any other recognized stock exchange, allotment and redemption of Units on any Business Day will depend upon the order processing/settlement by NSE, BSE or such other exchange and their respective clearing corporations on

which the Fund has no control. Further, transactions conducted through the stock exchange mechanism shall be governed by the operating guidelines and directives issued by NSE, BSE or such other recognized exchange in this regard.

## **Risk factors related to Taxation**

### **I. USA securities**

#### **1. General US Taxation Rules with Respect to Foreign Persons**

Generally, US imposes tax on foreign person either on gross basis or on net basis. Foreign persons who are not engaged in a trade or business in the US are subject to US gross withholding tax on US source income which is fixed determinable annual or periodical generally called as FDAP income. A foreign person that is engaged in a US trade or business will be subject to US taxation on effectively connected taxable income (ECTI). In addition to the income tax imposed on ECTI, the US also imposes a branch profits tax on foreign corporations that has branch or permanent establishment in US. The branch profit tax is imposed on deemed remittances of after-tax effectively connected earnings and profits of foreign corporation's US branch or permanent establishment. One can claim reduced tax rate or exemption from tax under US income tax treaty. The below discussion is based on the understanding that the Scheme would be treated as a corporation for US tax purposes. and the investors in the Mutual Fund Scheme are not tax resident of the USA or based in the USA. Thus, as long as the Scheme is treated as a corporation for US tax purposes, the investors in the Scheme should not directly be subject to US tax. For purposes of this discussion, a foreign person is a person who is not a US citizen or US resident for tax purposes and includes a foreign entity that is classified as a corporation for US tax purposes.

#### **2. Investment in US listed companies**

##### **a) US Taxation on Disposition of Shares of US listed Companies**

Subject to the discussion below concerning the taxation of ECTI, generally income from the sale of personal property by a foreign person is not US source income and should not be subject to US taxation. Thus, capital gains received by the Scheme on the disposition of shares of US listed companies, should not be subject to taxation in the US.

Trading in stock or securities is generally not considered US trade or business unless taxpayer is a dealer in stock or securities and effects the trade through US offices directly or through US office of its agent other than independent agent.

However if the Scheme invests in any entities that are treated as partnership for U.S federal income tax purposes and if these partnerships are engaged in a U.S. trade or business, then the Scheme itself would be treated as engaged in such a U.S. trade or business and would likely be required to file a U.S. income tax return and potentially pay U.S. tax on its distributive share of partnership income. It may also be subject to potential withholding tax with respect to sales of an interest in such partnership.

Gain derived by a non-U.S resident from the disposition of a U.S Real Property Interest (USRPI) may be treated as income that is effectively connected with the conduct of a U.S trade of business and thus subject to U.S federal income tax (and to a requirement to file a U.S. income tax return) under the Foreign Investment in Real Property Tax Act (FIRPTA). A USRPI includes an interest in a US Real Property Investment Company (USRPHC) which generally is defined as a US company whose assets, measured by fair market value, consist of 50% or more of USRPIs at any time during a five-year period. Such income is considered to be ECTI with the conduct of a U.S trade of business and

is subject to US taxation. A foreign person who disposes of a USRPI will be subject to a 15% (w.e.f. 16 February 2016) withholding tax on the gross proceeds received and will be required to file a US federal income tax return. The final tax liability on the recognized gain on disposition of the USRPI will be set off by the 15% withholding tax on gross proceeds.

There is an exception that applies to FIRPTA for publicly traded shares of a - Qualified Investment Entity (QIE). The exception provides that if the stock of a QIE is regularly traded on an established securities market located in the USA (e.g., the NYSE), the stock will be treated as a USRPI only in the case of a more than 5% holder (over the course of a 5 year look-back period). The 5% holding is increased to 10% for publicly traded real estate investment trust (REIT). Such exception also applies to the disposition of an interest in a publicly traded partnership (PTP).

Thus, capital gains derived by the Scheme from the sale of regularly traded listed US equities should not be subject to tax in the US provided the Scheme holds an interest of 5% (10% for publicly traded REIT) or less of any class of stock. In cases where the Scheme has held, at any time within the 5-year period ending on the date of disposition, more than 5% (10% for publicly traded REIT) of the shares of a publicly-traded company that is also a USRPI, gain from disposition of such interest is subject to US federal corporate income tax.

If a partnership (including a PTP), is engaged in a U.S. trade or business, and if a non-U.S. partner disposes of the partnership interest, a portion of gain or loss is treated as connected with the conduct of a U.S. trade or business, and is therefore subject to U.S. tax. Such income also generates a requirement to file a U.S. tax return. This provision is not subject to 5% exception as mentioned above for PTPs that are USRPI. US requires 10% withholding if non-U.S. partner disposes of an interest in the partnership. Such tax withheld can be set off against the final tax liability of the partner who sold its interest.

#### **b) Dividend Income**

US source non-effectively connected dividend income received by a foreign person is subject to a 30% withholding tax. Thus US source dividends received by the Scheme from investments in US listed companies should be subject to withholding tax of 30%. Such dividend withholding tax can be reduced pursuant to a double tax treaty as discussed further below.

### **3. Investment in US Mutual Funds (US MF) or Exchange Traded Funds (US ETF)**

#### **a) US Taxation on Disposition of Units of US MF or US ETF**

As discussed above in point 1, generally income from the sale of personal property by a foreign person is not US source income and should not be subject to US taxation. Thus, capital gains received by the Scheme on the disposition of interests in mutual funds and exchange traded funds (ETF), should not be subject to taxation in the US.

However, if the mutual fund or ETF that is sold is a USRPHC, then the gain is considered to be effectively connected with a U.S. trade or business and thus subject to U.S. taxation, unless the mutual fund or ETF whose shares are sold is (a) publicly traded and the investor held an interest of 5% or less in the mutual fund or ETF at all times during the year preceding the sale or (b) the mutual fund is a domestically controlled qualified investment entity.

#### **b) US Taxation on Income Distribution by US MF or US ETF**

US source non-effectively connected dividend income received by a foreign person is subject to a 30% withholding tax. A mutual fund or ETF that is not subject to the USRPHC - related rules described above may distribute ordinary dividends which should be subject to 30% withholding tax. Dividends designated by a Regulated Investment Company (RIC) (e.g. a mutual fund) as capital gain dividends are treated as long term capital gains in the hands of the shareholders. Except as described above for mutual funds or ETFs that otherwise qualify as USRPHCs, because long-term capital gains are sourced to the domicile of the recipient, such capital gain dividends should not be U.S source if the recipient is a non-U.S person, and thus would not be subject to U.S taxation.

A foreign person or other qualified investment entity by a qualified investment entity to the extent attributable to gain from sales or exchanges by the qualified investment entity of USRPIs, is treated as gain from the sale or exchange of a USRPI by the foreign person unless such distribution is with respect to stock that is publicly traded on a U.S exchange and the foreign person did not own more than 5% (or no more than 10% in the case of a REIT) of such class of stock at any time during the 1-year period ending on the date of distribution. Where the distribution is treated as gain from the sale or exchange of a USRPI, the distribution is treated as income effectively connected to a U.S trade or business, subject to tax at U.S corporate tax rates and withheld on at a rate of 21% of the distribution. The total amount in tax paid should not exceed the liability as determined by applying the U.S corporate rate.

Where distributions from the mutual fund or ETF are characterized as gain from the sale of a USRPI as discussed above, the income is considered effectively connected with the conduct of a U.S trade or business such that the branch profits tax provisions must be considered. The dividend equivalent amounts are subject to withholding tax at a rate of 30%. The dividend equivalent amount is generally equal to a foreign corporation's effectively connected earnings and profits. Generally, gain on disposition of an interest in a USRPHC is excluded from the definition of effectively connected earnings and profits.

#### **4. Treaty Benefits to the Mutual Fund or ETF:**

It is likely that the Scheme should be considered as a Person under Indian tax laws and so a tax resident of India and so is likely to be eligible to claim the Double Taxation Avoidance Agreement ('the DTAA' or 'the Treaty') benefits between India and the US on the income earned and tax, if any, payable in the US subject to completion of necessary documentations and the Scheme obtaining a tax residence certificate from the Indian tax authorities. As long as the Scheme is treated as a corporation for US tax purposes, the investors in the Scheme should not directly be subject to US tax. The main benefit of the DTAA is that it reduces the US withholding tax amount with respect to certain U.S. source FDAP payments and may exempt ECTI if it is not attributable to a U.S. permanent establishment.

As per the Treaty:

- i. The Business income earned by the Scheme in the US should not be taxable in the US if the Fund does not have a permanent establishment in the US; If the Scheme has a permanent establishment in the US, then it will be subject to US tax on profits that are attributable to that permanent establishment. US attributes business profits to U.S. permanent establishments of Indian resident corporations under the same ECTI rules applicable to non-treaty residents with respect to the assets and activities conducted in the permanent establishment. A more limited force of attraction rule is also applicable.; The Scheme could be considered to have a permanent establishment in the US if it invests in a partnership that is engaged in a trade or business in the US;

- ii. Capital gains arising on disposition of USRPIs is taxable in the US as per the US tax laws. There is no exception in the DTAA for US taxation of disposition of USRPIs under the FIRPTA rules;
- iii. In general, dividend income beneficially earned by the Scheme in the US should be taxable at the rate of 25% for portfolio ownership interests below 10%;
- iv. Interest income beneficially earned by the Scheme in the US should be subject to withholding tax at the rate of 15% (to the extent not otherwise exempt under US internal rules such as the portfolio interest exception); and
- v. Any other income should be taxable in the US as per US tax laws.

## II. Luxembourg securities

### **Taxation on investment in Luxembourg investment funds**

There are no withholding taxes on dividends paid by Luxembourg investment funds.

The fund being Non-residing investors (individuals or corporations) are exempt from taxation in Luxembourg on capital gains realized upon sale of their shares in a Luxembourg corporate investment fund (even in cases where they held a substantial shareholding of more than 10%).

## III. Ireland securities

### **Taxation on investment in an Irish Fund**

Where a Shareholder is not resident (or ordinarily resident) in Ireland for Irish tax purposes, an Irish Fund should not deduct any Irish tax in respect of the Shareholder's Shares. In order for the non-Irish resident shareholder to be exempt from Irish Investment Undertaking Tax ("IUT"), it must complete the relevant non-resident declaration and provide a copy of that declaration to the Irish Fund. The declaration may also be provided by an Intermediary who holds Shares on behalf of non-Irish Resident Shareholders provided that, to the best of the Intermediary's knowledge, the Shareholders are not resident (or ordinarily resident) in Ireland.

If this declaration is not received by an Irish Fund (and in the absence of written notice of approval from Revenue Commissioners being obtained by the Irish Fund dispensing with the requirement to provide such a declaration), an Irish Fund should deduct Irish tax in respect of the shares held by the non-Irish Resident Shareholder. An Irish Fund should also deduct Irish tax if the Irish Fund has information which reasonably suggests that a Shareholder's declaration is incorrect. A Shareholder will generally have no entitlement to recover such Irish tax. An Irish Fund must be informed if a Shareholder becomes Irish tax resident.

Generally, Shareholders who are not Irish tax resident will have no other Irish tax liability with respect to their Shares. However, if a Shareholder is a company which holds its Shares through an Irish branch or agency, the Shareholder may be liable to Irish corporation tax in respect of profits and gains arising in respect of the Shares (on a self-assessment basis).

In case if the fund is deemed to be a Non-Exempt Shareholders then a Shareholder is subject to tax (e.g. because it has not provided the required non-resident declaration), an Irish Fund should deduct Irish tax on distributions, redemptions and transfers and, additionally, on 'eighth anniversary' events, as described below.

#### *Distributions from an Irish Fund*

If an Irish Fund pays a distribution to a non-exempt Shareholder, an Irish Fund should deduct Irish tax from the distribution. The amount of Irish tax deducted will be:

1. 25% of the distribution; where the distribution is paid to a shareholder who is an Irish resident company which has made the relevant declaration for the 25% rate to apply.
2. 41% of the distribution in all other cases.

#### *Redemptions and transfer of shares*

If an Irish Fund redeems Shares held by a non-exempt Shareholder, an Irish Fund should deduct Irish tax from the redemption payment made to the Shareholder. Similarly, if a non-exempt Shareholder transfers (by sale or otherwise) an entitlement to Shares, an Irish Fund will account for Irish Investment Undertaking tax in respect of that transfer. The amount of Irish tax deducted or accounted for will be calculated by reference to the gain (if any) which has accrued to the Shareholder on the Shares being redeemed or transferred and will be equal to:

1. 25% of such gain; where the shareholder is an Irish resident company which has made the appropriate declaration for the 25% rate to apply;
2. 41% of the gain in all other cases.

If Shares are not denominated in euro, a Shareholder may be liable (on a self-assessment basis) to Irish capital gains taxation on any currency gain arising on the redemption or transfer of the Shares.

#### *“Eighth Anniversary” Events*

If a non-exempt Shareholder does not dispose of Shares within eight years of acquiring them, the Shareholder will be deemed for Irish tax purposes to have disposed of the Shares on the eighth anniversary of their acquisition (and any subsequent eighth anniversary). On such deemed disposal, an Irish Fund will account for Irish tax in respect of the increase in value (if any) of those Shares over that eight-year period. The amount of Irish tax accounted for will be equal to:

1. 25% of the increase in value of the shares where the Shareholder is a company which has made the appropriate declaration for the 25% rate to apply;
2. 41% of the increase in value in all other cases.

Any Irish tax paid in respect of the increase in value of Shares over the eight-year period may be set off on a proportionate basis against any future Irish tax which would otherwise be payable in respect of those Shares and any excess may be recovered on an ultimate disposal of the Shares.

#### *Share Exchanges*

Where a Shareholder Exchanges Shares on arm’s length terms for other Shares in the Irish Fund and no payment is received by the Shareholder, an Irish Fund should not deduct Irish tax in respect of the exchange.

#### **Stamp Duty on transacting in shares**

No Irish stamp duty (or other Irish transfer tax) will apply to the issue, transfer or redemption of Shares. If a Shareholder receives a distribution in specie of assets from the ICAV, a charge to Irish stamp duty could potentially arise.

#### **Taxation on investment in Irish Exchange Traded Funds (ETFs)**

Similar to active funds, ETFs are exempt from Irish tax on income and gains derived from their investments and are not subject to Irish tax on their net asset value. As such income and gains arising to an ETF are allowed to accumulate gross of Irish tax.

Non-Irish Resident Shareholders do not suffer any Irish tax on the occurrence of a chargeable event (e.g. distribution or redemption) provided that the relevant non-resident declaration has been provided to the fund. If the relevant declaration is not in place the ETF may be obliged to withhold tax at the appropriate rate. However, withholding tax does not need to be applied in the event that shares are held in a recognized clearing system (regardless of whether or not there is a declaration in place).

#### **Risk of Substantial Redemptions in ETFs:**

The liquidity of investments made in the Scheme may be restricted by trading volumes and settlement periods. Settlement periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to sell intended securities due to liquidity & settlement problems, could cause delay for processing the large number of direct redemptions. The Trustee, in the general interest of the Unit holders

of the Schemes offered under this SID and keeping in view of the unforeseen circumstances/unusual market conditions, may limit the total number of Units which can be redeemed on any Working Day depending on the total “Saleable Underlying Stock” available with the Fund.

**Apart from the risk factors mentioned above, the scheme is exposed to certain specific risks, which are as mentioned below -**

Although it is intended to generate capital appreciation and maximize the returns by actively investing in a diversified mix of asset classes, given the nature of the Scheme, the portfolio turnover ratio may be very high and AMC may change the asset allocation frequently, commensurate with the investment objectives of the Scheme. At times such churning of portfolios may lead to substantial losses due to subsequent adverse developments in the capital markets or unfavourable market movements. In view of the same, there can be no assurance that the investment objective of the Scheme will be realised.

### **RISK MANAGEMENT STRATEGIES**

The Scheme by utilizing a holistic risk management strategy will endeavor to manage risks associated with investing in equity, debt and commodity markets. The risk control process involves identifying & measuring the risk through various risk measurement tools.

#### **Risks associated with Equity investments:**

- i. **Liquidity Risk:** The liquidity risk will be managed and/or sought to be addressed by creating a portfolio which has adequate access to liquidity. The Investment Manager will select securities, which have or are expected to have good secondary market liquidity. Market Liquidity Risk will be managed actively within the portfolio liquidity limits by maintaining proper asset-liability match to ensure payout of the obligations. The first access to liquidity will be through cash and fixed income securities if any.
- ii. **Concentration Risk:** The Scheme will try and mitigate this risk by investing across large number of companies/sectors and endeavor to keep stock-specific concentration risk relatively low.
- iii. **Market Risk:** The Investment Manager endeavors to invest in companies, where adequate due diligence and research has been performed by the Investment Manager. As not all these companies are very well researched by third-party research companies, the Investment Manager also relies on its own research. This involves one-to-one meetings with the management of companies, attending conferences and analyst meets and also tele-conferences. The company-wise analysis will focus, amongst others, on the historical and current financial condition of the company, potential value creation/unlocking of value and its impact on earnings growth, capital structure, business prospects, policy environment, strength of management, responsiveness to business conditions, product profile, brand equity, market share, competitive edge, research, technological know-how and transparency in corporate governance. The investment manager may use derivatives to hedge and limit the inherent market risk in scheme

#### **Risks associated with favorable taxation of equity-oriented Scheme:**

Investment Manager regular monitor's equity exposure of equity oriented Scheme of the Fund to ensure compliance with the relevant regulation.

#### **Risks associated with Stock Lending:**

The investment managers will ensure adherence to the limits assigned for stock lending and will ensure that the liquidity Risk is managed actively within the portfolio liquidity limits by maintaining proper asset-liability match to ensure payout of the obligations.

#### **Risks associated with Equity Derivative investments:**

The investment managers will invest only in exchange traded derivatives (settlement guaranteed) and the investment shall be in line with guidelines and regulatory limits as specified by regulators & scheme documents. No investment will be made in OTC derivative contracts for equity derivatives.

**Risks associated with fixed income Derivative investments:**

Investment managers will ensure adherence to the limits and the guidelines as issued by SEBI / RBI from time to time for forward rate agreements and interest rate swaps and other fixed income derivative products.

**Risks associated with Debt Securities and Money Market Securities:**

- i. **Market Liquidity Risk:** The liquidity risk will be managed and/or sought to be addressed by creating a portfolio which has adequate access to liquidity. The Investment Manager will select fixed income securities, which have or are expected to have high secondary market liquidity. Market Liquidity Risk will be managed actively within the portfolio liquidity limits by maintaining proper asset-liability match to ensure payout of the obligations.

Amongst all the segments of the fixed income market in India, the government securities market demonstrates the highest market liquidity. The liquidity varies from security to security with benchmark securities for the reference tenors like 10 years, 5 years etc. showing relatively higher market liquidity. With time, the benchmark government security changes and thus hence liquidity propagates from one security to the other.

- ii. **Credit Risk:** Credit Risk associated with fixed income securities will be managed by making investments in securities issued by borrowers post detailed credit review internally. The credit research process includes a detailed in-house analysis and due diligence where limits are assigned for each of the issuer (other than government of India) for the amount as well as maximum permissible tenor. The credit process ensures that issuer limits are reviewed periodically by taking into consideration the financial statements and operating strength of the issuer.
- iii. **Rating Migration Risk:** The endeavor is to invest in well researched issuers. The due diligence performed by the fixed income team before assigning credit limits and the periodic credit review and monitoring should help keep the rating migration risk low for company-specific issues.
- iv. **Interest Rate Risk:** The investment managers will endeavor to keep the duration within the permissible limit as defined by the scheme document and based on the investment objectives.
- v. **Re-investment Risk:** The Investment Manager will endeavor that besides the tactical and/or strategic interest rate calls, the portfolio is fully invested.
- vi. **Term Structure of Interest Rates (TSIR) Risk:** The Scheme is expected to have duration based on the investment objective and limits defined in the scheme documents. Depending on the nature of the scheme, the Term Structure of Interest Rates (TSIR) Risk cannot be eliminated and it exists as a primary feature of the scheme.

**Risk Associated with overseas mutual funds / ETFs and Index securities:**

- i. **Liquidity Risk on account of investments in overseas funds:** The investments are made in international funds, which provide daily liquidity.
- ii. **Expense Risks associated with investments in overseas funds:** The aggregate of expenses incurred by the Indian Fund-of-Funds scheme and the underlying international funds is subject to limits prescribed by SEBI.

- iii. **Portfolio Disclosure Risks associated with investments in overseas fund:** Although full portfolio disclosure is not available at the end of each month, top ten holdings as well as sector holdings are made available at the end of each month for the overseas fund. Full portfolio holdings can be obtained from underlying Overseas funds generally with a three-month lag i.e. March portfolio can be obtained at the end of June
- iv. **Investment Policy and/or fundamental attribute change risks associated with investments in overseas funds:** Investments are made in such international funds, which have similar investment objectives to the domestic fund in India. However, there exists possibility that there is a change in the fundamental attributes of the international fund. In such circumstances, the Investment Manager will seek to invest in other international funds, which have the same investment objective as the domestic fund.

#### **Risks associated with Gold / Silver and Gold / Silver ETFs**

**Price risk:** The investments will follow the underlying price of Gold / Silver and therefore the level of portfolio volatility would be same as that of the underlying Gold / Silver price. The investment managers will ensure that the portfolio allocation to the securities is as per the allocation allowed by the scheme document.

**Liquidity risk:** Gold / Silver is a globally traded commodity and thereby liquid. There are also designated Authorized Participants who facilitate liquidity on the exchange

**Event risk/Custody Risk:** There is a risk that part or all of the physical Gold / Silver belonging to the Scheme could be lost, damaged or stolen. In order to ensure safety, the said Gold / Silver will be stored with custodian in its vaults. Gold / Silver held by custodian is also insured. The custodian will insure/cover all such risks.

**Tracking error & Tracing Difference Risk:** While the objective of the Scheme is to closely track the price of Physical Gold / Silver, the performance may not be commensurate with the Price of Gold / Silver on any given day or over any given period. Such variations are commonly referred and measure as the tracking error or tracking difference. Tracking errors or Tracking difference may cause the scheme to generate returns which are not in line with the performance of the underlying benchmark and may arise from a variety of factors including but not limited to:

- a. Expenditure incurred by the fund.
- b. Available funds may not be invested at all times as the Scheme may keep a portion of the funds in cash to meet Redemptions, for corporate actions or otherwise.
- c. Securities trading may halt temporarily due to circuit filters.
- d. Disinvestments to meet redemptions, recurring expenses, etc.
- e. Execution of large buy / sell orders
- f. Transaction cost (including taxes and insurance premium) and recurring expenses
- g. Realisation of Unit holders' funds
- h. Accounting for indirect taxes including tax reclaims
- i. SEBI Regulations (if any) may impose restrictions on the investment and/or disinvestment activities of the Scheme. Such restrictions are typically outside the control of the AMC and may cause or exacerbate the Tracking Error.

AMC would monitor the tracking error or Tracking difference of the Scheme on an ongoing basis and would seek to minimize tracking error to the maximum extent possible and within the permissible limits. However, this may vary due to the reasons mentioned above or any other reasons that may arise and particularly when the markets are very volatile. However, there can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error or tracking difference relative to performance of the Underlying benchmark.

## **B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

The Scheme/Plans shall have a minimum of 20 investors each and no single investor shall account for more than 25% of the corpus of the Scheme(s)/Plan(s). These conditions shall be complied with, in each calendar quarter on an average basis, as specified by SEBI. In case of non-fulfillment of the condition of 20 investors in a calendar quarter, the provisions of Regulation 39(2) (c) of the SEBI (MF) Regulations shall become applicable automatically without any reference from SEBI, and accordingly the Scheme/ Plan(s) shall be wound up and the units redeemed at the relevant applicable NAV. If there is breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be available 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 on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

## **C. SPECIAL CONSIDERATIONS**

1. Subject to the SEBI (MF) Regulations, funds managed by the associates of the Sponsors may invest either directly or indirectly in the Scheme and may acquire a substantial portion of the Schemes' 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 redemptions and may impact the ability of other Unit Holders to redeem their respective Units.
2. As the liquidity of the Scheme' investments may sometimes be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the Schemes' portfolios. In view of this, the Trustee has the right, in its sole discretion, to limit redemptions under certain circumstances.
3. Neither the SID and SAI, nor the Units, have been registered in any jurisdiction. The distribution of this Scheme Information Document in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this SID and the SAI in such jurisdictions are required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of this SID or any accompanying application form in such jurisdiction may treat this SID or such application form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance of any registration or other legal requirements.
4. Investment decisions made by the Investment Manager may not always be profitable.
5. The AMC provides Investment Management Services to DSP India Fund and DSP India Investment Fund (both based out in Mauritius). The AMC provides investment management and trade execution related services to offshore sovereign funds. The AMC also provides a non-binding advisory services to the offshore funds/ offshore investment manager, who is managing an offshore fund which will invest through FPI route. The AMC also provides investment management advice and execution services to DSP ICAV, an umbrella type Irish Collective Asset-management Vehicle. The AMC is the holding company to DSP Pension Fund Managers Private Limited (DSPPFM). The AMC, in accordance with SEBI approval, acts as Investment Managers to DSP Alternative Investment Fund Category III (DSPAIF - C - III) (SEBI registration no. IN/AIF3/13-14/0059). Further, DSP Trustee Private Limited, act as Trustees to the DSPAIF - C - III. The AMC is the holding company to DSP Fund Managers IFSC Private Limited ('DSP IFSC'). Subject to regulatory approvals, DSP IFSC will provide investment management and

advisory services to Funds set up under IFSCA (Fund Management) Regulations, 2022. The AMC also intends to provide non-binding advisory services to a DSP IFSC in accordance with Regulation 24 of SEBI (Mutual Funds) Regulations, 1996. **The AMC has systems in place to ensure that there is no conflict of interest between the aforesaid activities.**

6. There are instances where AMC has appointed common Fund Manager for managing domestic mutual fund schemes and managing/advising offshore funds. Further, it may be noted that the dealing function (excluding passive schemes) is common for mutual fund/AIF/offshore advisory cum management activities. The AMC has systems in place to ensure that there is no conflict of interest between the aforesaid activities.
7. The Mutual Fund/AMC has not authorized any person to give any information or make any representations, either oral or written, not stated in this SID in connection with issue of Units under the Scheme. Prospective investors are advised not to rely upon any information or representations not incorporated in this SID as the same have not been authorized by the Mutual Fund or the AMC. Any subscription, purchase or sale made by any person on the basis of statements or representations which are not contained in this SID or which are inconsistent with the information contained herein shall be solely at the risk of the investor.
8. Suspicious Transaction Reporting: If after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, the AMC shall report such suspicious transactions to competent authorities under PMLA and rules/guidelines issued there under by SEBI and/or RBI, furnish any such information in connection therewith to such authorities and take any other actions as may be required for the purposes of fulfilling its obligations under PMLA and rules/guidelines issued there under by SEBI and/or RBI without obtaining the prior approval of the investor/Unit holder/any other person.
9. The AMC and its Registrar reserve the right to disclose/share investors' personal information with the following third parties:
  - Registrar, Banks and / or authorised external third parties who are involved in transaction processing, dispatches, etc., of investors' investment in the Scheme;
  - Distributors or Sub-brokers or Registered Investment Advisors through whom applications of investors are received for the Scheme; or
  - Any other organisations for compliance with any legal or regulatory requirements or to verify the identity of investors for complying with anti-money laundering requirements.
  - Account statements or financial information pertaining to the investor, if it is to be sent over the internet to the Unitholder, distributors or any other entity as indicated above, will be sent only through a secure means and / or through encrypted electronic mail.
10. Non-Individual Investors should note the following:
  - A list of specimen signatures of the authorized officials, duly certified / attested should also be attached to the Application Form
  - In case of application for any transaction, the authorized signatories/officials should sign such application under their official designation and as per the authority granted to them under their constitutional documents/board resolutions etc.
  - In case a generic board resolution authoring investment has been submitted, the AMC/Fund reserves the right to consider such generic resolution as a valid authorisation for all other financial and non-financial transactions including but not limited to redemption/switches etc. Accordingly, all transactions executed by the officials named in such generic resolution would be processed by the AMC/Fund.
11. The tax benefits described in this Scheme Information Document and Statement of Additional Information are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advise received

by the AMC regarding the law and practice currently in force in India and the Unit holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Unit holder is advised to consult his/her own professional tax advisor.

12. Investors should study this Scheme Information Document and the Statement of Additional Information carefully in its entirety and should not construe the contents as advice relating to legal, taxation, investment or any other matters. Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming units, before making a decision to invest / redeem Units.
13. Any dispute arising out of the Scheme(s) shall be subject to the exclusive jurisdiction of the Courts in India. Statements in this Scheme Information Document are, except where otherwise stated, based on the law, practice currently in force in India, and are subject to changes therein.
14. 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.
15. This Scheme Information Document is not an offer of units of the scheme for sale or solicitation of an offer to purchase the units of the Scheme in the United States or in any other jurisdiction where such offer may be restricted. Offers to sell or solicitations of offers to purchase units of any Scheme referred herein may be made only by means of a prospectus and in accordance with applicable securities laws. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended or an exemption therefrom. The Scheme referred herein have not and do not intend to register any securities under the US Securities Act of 1933, as amended, and do not intend to offer any securities in the United States. The Scheme referred herein have not been and will not be registered under the US Investment Company Act of 1940, and investors therein will not be entitled to the benefits thereof.
16. DSP Investment Managers Private Limited ("DSPIM") has transferred its asset management business to another DSP group company DSP Asset Managers Private Limited ("DSPAM"), as part of internal restructuring (demerger) of its business with effect from April 01, 2023.

It is to be noted, that pursuant to said demerger, there is (a) no change in ultimate ownership and control of the Asset Management Company (AMC) of the Fund; (b) sponsors of the Fund; and (c) name of the Fund. Further, Securities and Exchange Board of India ("SEBI") vide its letter dated December 01, 2022 bearing reference no. SEBI/HO/OW/IMD RAC2/P/2022/60211/1 ("SEBI NOC") has approved the said Demerger with no objection to transfer the AMC Business of DSPIM to DSPAM.

**Investors are urged to study the terms of the offer carefully before investing in the Scheme and retain this SID and the SAI for future reference.**

## DEFINITIONS

<b>Applicable NAV</b>	The NAV applicable for purchase /redemption/switch on the Business Day on which the subscription/redemption/switch is sought by the investor and determined by the Fund.
<b>Application Supported by Blocked Amount (ASBA)</b>	ASBA is an application containing an authorization to a Self -Certified Syndicate Bank (SCSB) to block the application money in the bank account maintained with the SCSB, for subscribing to a New Fund Offer.
<b>AMC or Investment Manager or DSPAM</b>	DSP Asset Managers Private Limited, the asset management company, set up under the Companies Act 2013, and authorized by SEBI to act as the asset management company to the scheme of DSP Mutual Fund.
<b>Bank</b>	A bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets.
<b>Banking as per Banking Regulation Act, 1949</b>	As per Section 5(b) of Banking Regulation Act, 1949, banking means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise. As per Section 5(c) of Banking Regulation Act, 1949 a “Banking Company” means any company which transacts the business of banking in India.
<b>Beneficial owner</b>	Beneficial Owner as defined in the Depositories Act, 1996 means a person whose name is recorded as such with a depository.
<b>Business / Working Day</b>	A day other than (i) Saturday and Sunday, (ii) a day on which the Reserve Bank of India or banks in Mumbai remains closed, (iii) a day on which there is no Reserve Bank of India clearing/settlement of securities, (iv) a day on which money markets are closed /not accessible and (v) a day on which the Sale and Redemption of Units are suspended.
<b>Continuous Offer/Ongoing Offer</b>	Offer of Units when the Scheme becomes available for subscription, after the closure of the New Fund Offer.
<b>Consolidated Account Statement (CAS)</b>	A statement containing details relating to transactions made by an investor across all mutual funds viz. purchase, redemption, switch, Payout of Income Distribution cum Capital Withdrawal, Reinvestment of Income Distribution cum Capital Withdrawal, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions, etc., with respect to the Units held in physical form.
<b>Custodian</b>	Citibank N. A. and Deutsche Bank AG, Mumbai branch are acting as custodian to the Scheme, or any other Custodian who is approved by the Trustee.
<b>Depository</b>	National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) or such other depository as approved by the Trustee, being a body corporate as defined in the Depositories Act, 1996.
<b>Depository Participant/DP</b>	Depository Participant (DP) is an agent of the Depository who acts like an intermediary between the Depository and the investors. DP is an entity who is registered with SEBI to offer depository-related services.
<b>Direct Plan</b>	Direct Plan is a separate plan for direct investments i.e. investments not routed through a distributor.
<b>DSPMAF/ Scheme/The Scheme</b>	DSP Multi Asset Allocation Fund
<b>Entry Load</b>	Load on purchase of Units

<b>Exit Load</b>	Load on redemption of Units
<b>Fund/Mutual Fund</b>	DSP Mutual Fund, a trust set up under the provisions of the Indian Trust Act, 1882, and registered with SEBI vide Registration No. MF/036/97/7.
<b>FPI</b>	Foreign Portfolio Investors (FPI) as defined in Regulation 2(1)(h) of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.  FPI cannot invest in this scheme, since the Scheme intends to take exposure to Exchange Traded Commodity Derivatives.
<b>First time mutual fund investor</b>	An investor who invests for the first time ever in any mutual fund either by way of subscription or systematic investment plan.
<b>Investment Management Agreement ('IMA')</b>	The Agreement dated December 16, 1996, amended vide Amending Agreement dated April 01, 2023 entered into between DSP Trustee Private Limited and DSP Asset Managers Private Limited, as amended from time to time.
<b>NAV</b>	Net Asset Value of the Units of the Scheme (and Options, if any, therein) calculated in the manner provided in this SID or as may be prescribed by the SEBI (MF) Regulations, from time to time.
<b>Non Business Day</b>	A day other than a Business Day.
<b>NRI</b>	Non Resident Indian.
<b>Offer Document</b>	This Scheme Information Document (SID) and the Statement of Additional Information (SAI) (collectively)
<b>PIO</b>	Person of Indian Origin.
<b>Registrar and Transfer Agent/RTA</b>	Computer Age Management Services Limited (CAMS)
<b>Self -Certified Syndicate Banks</b>	The list of Banks that have been notified by SEBI to act as a SCSB for the ASBA process as provided on <a href="http://www.sebi.gov.in">www.sebi.gov.in</a>
<b>Scheme Information Document/SID</b>	This document issued by DSP Mutual Fund, offering Units of DSP Multi Asset Allocation Fund.
<b>Statement of Additional Information/ SAI</b>	A document containing details of the Mutual Fund, its constitution, and certain tax, legal and general information, and legally forming a part of the SID.
<b>SEBI</b>	Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992.
<b>Sponsors or Settlers</b>	DSP ADIKO Holdings Private Limited & DSP HMK Holdings Private Limited
<b>Stock Exchange/Exchange</b>	BSE Limited, National Stock Exchange of India Limited or any other recognized stock exchange in India, as may be approved by the Trustee.
<b>Stock Exchange mechanism/Trading Platforms</b>	MFSS (platform offered by NSE), BSE StAR MF (platform offered by BSE) or any other recognised stock exchange trading platform, with whom the AMC registers itself to facilitate transactions in mutual fund units.
<b>Trust Deed</b>	Trust Deed dated December 16, 1996 and all supplemental Trust Deeds to the original Trust Deed executed on December 16, 1996.
<b>Trustee</b>	DSP Trustee Private Limited, a company set up under the Companies Act, 1956 and approved by SEBI to act as the Trustee to the schemes of DSP Mutual Fund.
<b>Unit</b>	The interest of an investor which consists of one undivided share in the Unit Capital of the relevant Option under the Scheme offered by this SID.
<b>Unit Holder/Investor</b>	A participant/holder of Units in the Scheme offered under this SID.

## ABBREVIATIONS & INTERPRETATIONS

In this SID, the following abbreviations have been used:

<b>AMC:</b>	Asset Management Company	<b>MFSS:</b>	Mutual Fund Service System
<b>AMFI:</b>	Association of Mutual Funds in India	<b>MFU:</b>	MF Utilities India Private Limited
<b>AML:</b>	Anti-Money Laundering	<b>NAV:</b>	Net Asset Value
<b>ABS:</b>	Asset Backed Securities	<b>NEFT:</b>	National Electronic Funds Transfer
<b>ASBA:</b>	Application Supported by Blocked Amount	<b>NFO:</b>	New Fund Offer
<b>AOP:</b>	Association of Person	<b>NRI:</b>	Non-Resident Indian
<b>BSE:</b>	BSE Limited	<b>NRE:</b>	Non Resident External
<b>BSE StAR MF:</b>	BSE Stock Exchange Platform for Allotment and Repurchase of Mutual Funds	<b>NRO:</b>	Non Resident Ordinary
<b>CAS:</b>	Consolidated Account Statement	<b>NSE / National Stock Exchange:</b>	National Stock Exchange of India Limited
<b>CAMS:</b>	Computer Age Management Services Limited	<b>NSDL:</b>	National Securities Depository Limited
<b>CDSL:</b>	Central Depository Services (India) Limited	<b>OTC:</b>	Over the Counter
<b>DFI:</b>	Development Financial Institutions	<b>OTM:</b>	One Time Mandate
<b>DP:</b>	Depository Participant	<b>POA:</b>	Power of Attorney
<b>DFI:</b>	Development Financial Institutions	<b>PIO:</b>	Person of Indian Origin
<b>ECS:</b>	Electronic Clearing System	<b>PMLA:</b>	Prevention of Money Laundering Act, 2002
<b>EFT:</b>	Electronic Funds Transfer	<b>POS:</b>	Points of Service
<b>FRA:</b>	Forward Rate Agreement	<b>PRC:</b>	Potential Risk Class
<b>FIRC:</b>	Foreign Inward Remittance Certificate	<b>PSU:</b>	Public Sector Undertaking
<b>FOF:</b>	Fund of Funds	<b>RBI:</b>	Reserve Bank of India
<b>FPI:</b>	Foreign Portfolio Investor	<b>REITs:</b>	Real Estate Investment Trusts
<b>FATCA:</b>	Foreign Account Tax Compliance Act	<b>RTGS:</b>	Real Time Gross Settlement
<b>Flex STP:</b>	Flex Systematic Transfer Plan	<b>SEBI:</b>	Securities and Exchange Board of India
<b>HUF:</b>	Hindu Undivided Family	<b>SI:</b>	Standing Instructions
<b>IDCW:</b>	Income Distribution cum Capital Withdrawal	<b>SIP:</b>	Systematic Investment Plan
<b>IDCW Transfer Plan:</b>	Transfer of Income Distribution cum Capital Withdrawal Plan	<b>SWP:</b>	Systematic Withdrawal Plan
<b>InvITs:</b>	Infrastructure Investment Trusts	<b>STP:</b>	Systematic Transfer Plan
<b>IRS:</b>	Interest Rate Swap	<b>STT:</b>	Securities Transaction Tax
<b>ISC:</b>	Investor Service Centre	<b>SCSB:</b>	Self -Certified Syndicate Bank
<b>KYC:</b>	Know Your Customer	<b>SLR:</b>	Statutory Liquidity Ratio
<b>LTV:</b>	Loan to Value Ratio	<b>TREPs:</b>	Tri-Party Repo
<b>MBS:</b>	Mortgaged Backed Securities	<b>UBO:</b>	Ultimate Beneficial Ownership
<b>Value STP:</b> Value Systematic Transfer Plan			

## INTERPRETATION

For all purposes of this SID, except as otherwise expressly provided or unless the context otherwise requires:

- The terms defined in this SID include the plural as well as the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- All references to “US\$” refer to United States Dollars and “Rs.” refer to Indian Rupees. A “Crore” means “ten million” and a “Lakh” means a “hundred thousand”.
- References to times of day (i.e. a.m. or p.m.) are to Indian Standard Time (IST) and references to a day are to a calendar day including non-Business Day.

#### D. DUE DILIGENCE BY THE AMC

It is confirmed that:

1. The draft SID forwarded to SEBI is in accordance with the SEBI (MF) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
2. All legal requirements connected with the launching of the scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
3. The disclosures made in the SID are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.
4. The intermediaries named in the SID and SAI are registered with SEBI and their registration is valid, as on date.

Place : Mumbai  
Date : August 04, 2023

Signed : Sd/-

Name : Dr. Pritesh Majmudar  
(Head - Legal and Compliance)

The aforesaid Due Diligence Certificate was submitted to the Securities and Exchange Board of India.

## SECTION II - INFORMATION ABOUT THE SCHEME

### A. TYPE OF THE SCHEME

An open ended scheme investing in equity/equity related securities, debt/ money market instruments, commodity ETFs, exchange traded commodity derivatives and overseas securities .

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

The investment objective of the Scheme is to seek to generate long-term capital appreciation by a multi asset classes including equity and equity related securities, debt and money market instruments, commodity ETFs and exchange traded commodity derivatives, overseas securities.

**There is no assurance that the investment objective of the Scheme will be achieved.**

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

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

Instruments	Indicative Allocations (% of total assets)		Risk Profile
	Minimum	Maximum	
A. Equity & Equity related instruments including derivatives	35	80	Very High Risk
B. Debt and money market instruments*	10	50	Low Risk to Moderate Risk
C. Gold ETFs & other Gold related instruments (including ETCDs) as permitted by SEBI from time to time	10	50	Moderate Risk to High Risk
D. Other Commodity ETFs, Exchange Traded Commodity Derivatives (ETCDs) & any other mode of investment in commodities as permitted by SEBI from time to time.	0	20	Moderate Risk to Very High Risk
D. Units of REITs & InvITs	0	10	Very High Risk

\*The Scheme retains the flexibility to invest across all the securities in the debt and money markets as permitted by SEBI / RBI from time to time, including schemes of mutual funds.

#### Investment in Overseas Financial Assets/Foreign Securities

\$The Scheme may invest up to 50% of its total assets in foreign securities. The intended amount for investment in overseas ETFs is US\$ 70 mn and the intended amount for investments in other overseas securities is US\$130 mn. According to clause 12.19 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 mutual funds can invest in ADRs/GDRs/other specified foreign securities and such investments are subject to maximum of US \$ 1 billion per Mutual Fundan overall limit of US\$ 7 bn. for all mutual funds put together. The overall ceiling for investment in overseas ETFs that invest in securities is US\$ 1 billion subject to a maximum of US\$ 300 million per mutual fund.

The dedicated fund manager appointed for making overseas investments by the Mutual Fund will be in accordance with the applicable requirements of SEBI.

Further, SEBI vide its letter no. SEBI/HO/OW/IMD-II/DOF3/P /25095/2022 dated June 17, 2022 had advised AMFI that Mutual Fund schemes may resume subscriptions and make investments in overseas funds/securities upto the headroom available, without breaching the overseas investment limits as of end of day of February 01, 2022 at Mutual Fund level.

On an ongoing basis, the AMC is allowed to invest in overseas securities upto 20% of the average Asset Under Management ('AUM') in overseas securities of the previous three calendar months subject to maximum limit of USD 1 billion at Fund house level. Clause 12.19.1.3.d of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 has clarified that the aforesaid 20% limit for ongoing investment in overseas securities will be soft limit for purpose of reporting only on a monthly basis to SEBI.

The scheme may write call options under covered call strategy, as permitted by SEBI.

The Scheme will not invest in foreign debt securities and credit default swaps.

### **Derivatives**

The Scheme may invest upto 80% of net assets in derivatives for other than hedging purposes. Investment in derivatives shall be made in accordance with clause 12.25 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 and such other guidelines on derivatives as issued by SEBI from time to time. The Scheme may use equity, fixed income and commodity derivative instruments, subject to the guidelines as may be issued by SEBI and RBI and for such purposes as maybe permitted from time to time, including for the purpose of hedging and portfolio balancing, based on the opportunities available.

As per clause 12.26 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 and SEBI circular no. SEBI/HO/CDMRD/DMP/CIR/P/2017/84 dated July 25, 2017, Mutual funds are permitted to participate in ETCDs in India, except in commodity derivatives on Sensitive Commodities.

Further, the exposure to ETCDs shall not be more than 30% of the net asset value of the scheme. No mutual fund scheme shall have net short positions in ETCDs on any particular good, considering its positions in physical goods as well as ETCDs, at any point of time.

Mutual fund schemes investing in exchange traded commodity derivatives (ETCDs) may hold the underlying goods in case of physical settlement of such contracts. In such cases, mutual funds shall dispose of such goods from the books of the scheme, at the earliest, not exceeding:

1. For Gold and Silver: 180 days from the date of holding of physical goods;
2. For other goods (other than Gold and Silver):
  - a) By the immediate next expiry day of the same contract series of the said commodity.
  - b) However, if Final Expiry Date (FED) of the goods falls before the immediate next expiry day of the same contract series of the said commodity, then within 30 days from the date of holding of physical goods.

### **Short Selling**

The Scheme may enter into short selling transactions in accordance with the framework relating to short selling specified by SEBI.

### **Securitized Debt**

The Scheme may invest up to 25% of the debt portion of the scheme in securitized debt.

### **Repo in Corporate Debt Securities**

As per clause 12.18.1.1 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, the gross exposure of the scheme to repo transactions in corporate debt securities shall not be more than 10% of the net assets of the scheme or as permitted by the Board / SEBI from time to time.

### **Investment in Units of Mutual Fund**

The Scheme may invest up to 25% of the net assets of the Scheme in units of mutual fund schemes of DSP Mutual Fund.

### **Structured obligations or credit enhancements**

In accordance with clause 12.3 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, investment in the following instruments shall not exceed 10% of the debt portfolio of the Scheme and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the Scheme:

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

**Investment in securities having special features:**

As per clause 12.2 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023-

- a. No Mutual Fund under all its schemes shall own more than 10% of debt instruments having Special Features issued by a single issuer.
- b. A scheme shall not invest -
  - more than 10% of its NAV of the debt portfolio of the scheme in debt instruments having Special Features; and
  - more than 5% of its NAV of the debt portfolio of the scheme in debt instruments having Special Features issued by a single issuer.

The above investment limit for a scheme shall be within the overall limit for debt instruments issued by a single issuer, as specified at clause 1 of the Seventh Schedule of SEBI (Mutual Fund) Regulations, 1996, and other prudential limits with respect to the debt instruments.

**Stock Lending:**

In accordance with clause 12.11 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, the Mutual Fund may engage in stock lending. The AMC shall comply with all reporting requirements and the Trustee shall carry out periodic review as required by SEBI guidelines. 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 following limits, should it desire to engage in Stock Lending:

- Not more than 20% of the net assets of a Scheme can generally be deployed in Stock Lending.
- Not more than 5% of the net assets of a Scheme can generally be deployed in Stock Lending to any single counter party.

As per clause 12.24 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, the cumulative gross exposure through Equity & equity related instruments (including overseas securities), Debt, Money market instruments, Commodity ETF, units of REITs & InvITs, derivative positions and other permitted securities/assets and such other securities/assets as may be permitted by the Board/SEBI from time to time should not exceed 100% of the net assets of the scheme. Cash and cash equivalents as per SEBI letter no. SEBI/HO/IMD-II/DOF3/OW/P/2021/31487/1 dated November 03, 2021 which includes T-bills, Government Securities, Repo on Government Securities and any other securities as may be allowed under the regulations prevailing from time to time subject to the regulatory approval, if any, having residual maturity of less than 91 Days, shall not be considered for the purpose of calculating gross exposure limit.

**Pending deployment of the funds of the Scheme:**

Pending deployment of the funds of the Scheme shall be in terms of clause 4.5.2 and 12.16 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, the AMC may invest funds of the Scheme in short term deposits of scheduled commercial banks, subject to following conditions:

1. "Short Term" for parking of funds shall be treated as a period not exceeding 91 days.
2. Such short-term deposits shall be held in the name of the Scheme.
3. The Scheme shall not invest more than 15% of its net assets in the short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with the prior approval

of the Trustee. Also, investing of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.

4. The Scheme shall not invest more than 10% of its net assets in short term deposit(s) with any one scheduled commercial bank including its subsidiaries.
5. The Trustee shall ensure that the funds of the Scheme are not invested in the short term deposits of a bank which has invested in the Scheme.
6. AMC will not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks.
7. The Trustee shall also ensure that the bank in which a scheme has short term deposits do not invest in the scheme until the scheme has short term deposits with such bank.

The above provisions do not apply to term deposits placed as margins for trading in cash and derivative market. Such deposits shall be held in the name of the Scheme.

**Rebalancing of deviation due to short term defensive consideration:**

Any alteration in the investment pattern will be for a short term on defensive considerations in line with clause 1.14.1.2 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023; the intention being at all times to protect the interests of the Unit Holders and the Scheme shall endeavor to rebalance the portfolio within 30 calendar days.

It may be noted that no prior intimation/indication will be given to investors when the composition/asset allocation pattern under the Scheme undergoes changes within the permitted band as indicated above.

**Portfolio rebalancing in case of passive breach:**

As per Clause 2.9 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 and clarifications/ guidelines issued by AMFI / SEBI from time to time, in the event of deviation from mandated asset allocation mentioned, passive breaches (i.e. occurrence of instances not arising out of omission and commission of AMC), shall be rebalanced within 30 business days. Where the portfolio is not rebalanced within above mentioned period, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before Investment Committee. The Investment Committee, if so desires, can extend the timelines up to sixty (60) business days from the date of completion of mandated rebalancing period.

In case the portfolio is not rebalanced within the aforementioned mandated plus extended timelines the AMC shall comply with the prescribed restrictions, the reporting and disclosure requirements as specified in Clause 2.9 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023.

**D. WHERE WILL THE SCHEME INVEST?**

Subject to the Regulations and the disclosures as made under the section “How the Scheme will allocate its Assets”, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities:

1. Equity and equity related Instruments
2. Equity Derivatives, which are financial instruments, generally traded on the stock exchange, the price of which is directly dependent upon (i.e., “derived from”) the value of equity shares or equity indices. Derivatives involve the trading of rights or obligations based on the underlying, but do not directly transfer property
3. Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills);
4. Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills);
5. Fixed Income Securities of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee;

6. Corporate debt (of both public and private sector undertakings);
  7. Money market instruments as permitted by SEBI/RBI;
  8. TREPS
  9. Usance bills;
  10. The non-convertible part of convertible securities;
  11. Any other domestic fixed income securities as permitted by SEBI/ RBI from time to time.
  12. Derivative instruments like Interest Rate Swaps, Forward Rate Agreements, Interest Rate Derivatives, currency derivatives and such other derivative instruments permitted by SEBI/RBI.
  13. Units of Real Estate Investment Trust ('REIT') & Infrastructure Investment Trust ('InvIT').
  14. Units of Mutual Fund schemes
  15. ADRs / GDRs / Foreign Securities as permitted by Reserve Bank of India and Securities and Exchange Board of India including overseas ETFs/index funds
16. Commodity ETFs
  17. Exchange Traded Commodity Derivatives
  18. Repo transactions in corporate debt securities
  19. Any other security as may be permitted by SEBI

Any other instruments as may be permitted by RBI/SEBI/such other Regulatory Authority from time to time.

Transfer of investments from one Scheme to another Scheme in the Mutual Fund shall be allowed as per guidelines prescribed under clause 12.30 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023. Also clause 9.11 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, has prescribed the methodology for determination of price to be considered for inter-scheme transfers.

The securities mentioned in, "**Where will the Scheme(s) invest?**", could be listed, to be listed, privately placed, secured, unsecured, rated or unrated (subject to the rating or equivalency requirements discussed above) and of any maturity. The securities may be acquired through secondary market operations, primary issues/offerings, other public offers, Private Placement and negotiated deals amongst other mechanisms.

The Scheme may invest in other Schemes managed by the AMC or in the Schemes of any other Mutual Fund(s), provided such investment is in conformity to the investment objectives of the Scheme and in terms of the prevailing Regulations. As per the Regulations, no investment management fees will be charged for such investments and the aggregate inter-scheme investment made by all Schemes of the Mutual Fund or in the Scheme under the management of other asset management companies shall not exceed 5% of the net asset value of the Mutual Fund.

#### • Investment in Overseas Financial Assets/Foreign Securities

According to clause 12.19 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 mutual funds can invest in ADRs/GDRs/other specified foreign securities and such investments are subject to maximum of US \$ 1 billion per Mutual Fund and overall limit of US\$ 7 billion for all mutual funds put together. The overall ceiling for investment in overseas ETFs that invest in securities is US\$ 1 billion subject to a maximum of US\$ 300 million per mutual fund.

The dedicated fund manager appointed for making overseas investments by the Mutual Fund will be in accordance with the applicable requirements of SEBI.

Further, SEBI vide its letter no. SEBI/HO/OW/IMD-II/DOF3/P /25095/2022 dated June 17, 2022 had advised AMFI that Mutual Fund schemes may resume subscriptions and make investments in overseas funds/securities upto the headroom available, without breaching the overseas investment limits as of end of day of February 01, 2022 at Mutual Fund level.

On an ongoing basis, the AMC is allowed to invest in overseas securities upto 20% of the average Asset Under Management ('AUM') in overseas securities of the previous three calendar months subject to maximum limit of USD 1 billion at Fund house level. Clause 12.19.1.3.d of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 has clarified that the aforesaid 20% limit for ongoing investment in overseas securities will be soft limit for purpose of reporting only on a monthly basis to SEBI.

### **Overview of Debt Market in India**

The Indian bond market comprises mainly of Government securities; State Development Loans (SDL), bonds issued by Public Sector Undertakings (PSU), Development Financial Institutions (DFI) and Infrastructure-related agencies; debentures and money market instruments issued by corporate sectors and banks. The Government of India routinely issues Government securities and Treasury bills for liquidity and fiscal management. While the Government issues Treasury bills for 91 days, 182 days and 364 days in a discounted form, coupon-bearing Government securities are issued for maturity ranging from 1 year to as high as 40 years. Both Treasury bills and coupon-bearing securities are auctioned by the RBI on behalf of the Government of India. The Indian bond market has also witnessed increased issuance of bonds from Government-sponsored institutions, DFIs, and infrastructure-related agencies. These bonds are rated by credit rating agencies like CRISIL, ICRA, CARE and India Ratings. They are widely held by market participants because of their liquidity and reduced risk perception due to the government stake in some of them.

The Indian corporate sector has also been frequently raising capital through issuance of non-convertible debentures and commercial papers. These debentures/commercial Papers are mostly rated by rating agencies like CRISIL, ICRA, CARE and India Ratings. There is an active and vibrant secondary market for these debentures/commercial Papers. These normally trade at a marginally higher yield than bonds issued by PSU and other government-sponsored agencies.

### **Overview of Money Market in India**

Money market instruments includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time. Money market assets are liquid and actively traded segment of fixed income markets.

Treasury bills are issued by the Government of India through regular weekly auctions, while Cash Management Bills are issued on an ad-hoc basis. They are mostly subscribed by banks, state governments, mutual funds and other entities. As on 31 Mar 2023, total outstanding treasury bills are Rs. 8,43,334 crore\*.

Certificate of Deposits are issued by scheduled banks for their short-term funding needs. They are normally available for up to 365 days tenor. Certificate of deposits issued by public sector banks are normally rated A1+ (highest short-term rating) by various rating agencies. As on 24 Mar 2023, outstanding Certificate of Deposits are Rs. 3,04,521 crore\*. Certificate of deposits currently trade at a spread of around 43 basis points\*\* over comparable treasury bills as on 31 Mar 2023, for a one-year tenor.

Commercial Papers are issued by corporate entities for their short-term cash requirements. Commercial Papers are normally rated A1+ (highest short-term rating). As on 31 Mar 2023, total outstanding Commercial Papers are Rs. 3,53,688 crore\*. Commercial papers trade at around 74 basis points\*\* over comparable treasury bills as on 31 Mar 2023, for a one-year tenor.

Call Money, TREPS and CROMS are mainly used by the borrowers to borrow a large sum of money on an overnight basis. While Call Money is an unsecured mode of borrowing, TREPS and CROMS are secured borrowing backed by collaterals approved by the Clearing Corporation of India.

\*Source: Reserve Bank of India Bulletin, Weekly Statistical Supplement, April 7, 2023

\*\*Internal estimates.

## **Commodity Market:**

Indian Commodity Derivative market is in existence since 2003. Wide variety of commodities traded in the market starting from non-ferrous Industrial Metals, Precious Metals and energy from the non-agriculture sector. The various kinds of diversified agriculture commodities are also traded in the market like cereals, pulses, oil and oil seed complex, fibre and sweeteners. Until 2017 the Indian commodity market was regulated by Forward Market commission (FMC) under the ministry of consumer affair. In 2017 the FMC as a regulator was repealed and since then SEBI became the sole regulator of Indian commodities market. Starting with various new products/commodities were introduced. The options trading in commodities were first time ever allowed in 2017-18.

Besides, all these years Indian commodity market was only allowed for the retails participants and corporate who are involved in using the market for commodity hedging activity. However, in last few years the market has expanded to new entrants. In order to promote institutional participation in Indian commodity derivative market SEBI has permitted Eligible Foreign Entities (EFE) having actual exposure to Indian commodity markets in 2017, to participate in the commodity derivative segment of recognized stock exchanges for hedging their exposure. Later SEBI permitted Category III Alternative Investment in the same year. In furtherance to this objective, SEBI has decided to permit mutual funds and Portfolio Management Services to participate in commodity derivative markets in May 2019.

Another most important development that is recently being witnessed in the Indian commodity market is most of the future contracts are turning into physical delivery settlement. The objective of such initiative is to promote delivery of commodities through the exchange to facilitate both consumers and producers to participate in the commodity trade. As far as size of the commodity market in India is concerned the average daily Turnover in 2019 is around 45,000 crores. This number has declined considerably over the past several years due to few topsy-turvy reasons. However, the confidence in the market is still existing and the new regulator is making the best effort is gaining the confidence back in the market. Out of daily ADTO 90% of the market share is from the non-agriculture commodities and rest are from the agriculture commodities. The major commodities exchanges that are in existence are Multi-Commodity Exchange (MCX), National Commodity Derivative Exchange (NCDEX) who are in the business of commodities since inception 2003. However, new entrants like ICEX, BSE and NSE have started to participate in Indian commodity derivative markets. Also, recently the Banks and their hundred percent subsidiaries have been allowed to participate in Indian market to cater commodities business for their clients as member of the exchanges. The Indian commodity market is seeing lot of traction and positive development in last few years and participation of institutions, introduction of new commodities and instruments are likely to bring a sea-change to the Indian commodity market in the long run.

## **Investment in Exchange Traded Commodity Derivatives:**

The scheme will participate in Exchange Traded commodity derivatives (ETCDs), Commodity ETFs (Exchange Traded Funds) or any other instruments linked with the commodity prices. However, the scheme may hold the underlying goods in case of physical settlement of contracts. In such case mutual fund shall dispose of such goods from the books of the scheme at the earliest, not exceeding 30 days from the date of holding of the physical goods.

## **Investment in Real Estate Investment Trust (REITs) & Infrastructure Investment Trust (InvITs)**

“REIT” or “Real Estate Investment Trust” shall have the meaning assigned in clause (zm) of sub-regulation 1 of regulation 2 of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014. REITs are companies that own and lease out commercial or residential real estate. The rental incomes from the properties are shared among REIT investors, who are allotted units. These units are tradeable on exchanges. “InvIT” or “Infrastructure Investment Trust” shall have the meaning assigned in clause (za) of sub-

regulation (1) of regulation 2 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014. InvITs are similar to REITs, except these own infrastructure assets not real estate.

## **E. WHAT ARE THE INVESTMENT STRATEGIES?**

### **Multi Asset Allocation Fund**

The Scheme proposes to invest across asset classes in line with the asset allocation mentioned in the SID with an aim of generating capital appreciation.

Investments under the fund will be distributed across a mix of debt and money market instruments, equity and equity related securities(including overseas securities) and commodity ETF and exchange traded commodity derivatives (as permitted by SEBI from time to time).

The actual percentage of investment in asset classes will be decided after considering the prevailing market conditions, the macroeconomic environment (including interest rates and inflation), the performance of the corporate sector, the equity markets and general liquidity and other considerations in the economy and markets. Allocation within each asset class will be in line with ranges as specified in asset allocation table.

### **Equity & Equity Related Instruments (Including Overseas securities)**

The Scheme will invest in equity / equity related instruments. Within the stated allocation range, actual allocation to Equity assets and Equity related instruments will depend upon an internally driven process based on (i) fundamental outlook for equity markets and the prevailing valuation framework, (ii) the macroeconomic environment (including interest rates and inflation) and (ii) general liquidity and technical considerations. The investment strategy may entail use of equity derivatives to manage the equity exposure as necessitated by the above factors.

The Scheme proposes to take long term call on stocks which, in the opinion of the Fund Manager, could offer better return over a long period. In stocks selection process, the AMC proposes to consider stocks basis their growth prospects, profitability, competitive advantages, management track record and valuation. Macro and economic outlook will also be given adequate importance in stock selection process.

The Scheme may also take exposure to various equity derivatives including futures and option strategies, as may be permitted by SEBI from time to time.

### **Debt & Money Market Instruments**

In case of Debt and Money Market securities, the scheme aims to identify securities which offer optimal level of yields/returns, considering risk-reward ratio. Within the stated allocation range, actual allocation to debt and money market instruments will depend upon an internally driven process based on (i) level of yields/returns (ii) macroeconomic environment (including interest rates and inflation) and (iii) general liquidity and technical considerations.

With the aim of controlling risks, rigorous in depth credit evaluation of the securities proposed to be invested in will be carried out by the Credit Research team of the AMC. The credit evaluation includes a study of the operating environment of the issuer, the short as well as long-term financial health of the issuer. The AMC may consider the ratings of such Rating Agencies as approved by SEBI to carry out the functioning of rating agencies.

The Schemes could invest in Fixed Income Securities issued by government, quasi government entities, corporate issuers, banks and multilateral agencies in line with the investment objectives of the Scheme and as permitted by SEBI from time to time.

The Scheme may use derivative instruments like Interest Rate Swaps, Interest Rate Futures, Forward Rate Agreements or other derivative instruments for the purpose of hedging, portfolio balancing and other purposes, as permitted under the Regulations. Hedging using Interest Rate Futures could be perfect or

imperfect, subject to applicable regulations. Usage of derivatives may expose the Scheme to certain risks inherent to such derivatives. It may also invest in securitized debt.

The scheme may undertake repo transactions in corporate debt securities in accordance with the directions issued by RBI and SEBI from time to time. Such investment shall be made subject to the guidelines which may be prescribed.

### **Investments in repo of corporate debt securities**

#### **Guidelines for participation of mutual funds in Repo in money market and corporate debt securities**

SEBI has vide circular no. CIR / IMD / DF / 19 / 2011 dated November 11, 2011 enabled mutual funds to participate in repos in corporate debt securities as per the guidelines issued by RBI from time to time and subject to few conditions listed in the circular. Accordingly, the Scheme may participate in Repo in money market and corporate debt securities in accordance with directions issued by RBI and SEBI from time to time and in accordance with guidelines framed by the Board of AMC and Trustee Company in this regard.

#### **Conditions applicable: -**

- The net exposure of any Mutual Fund scheme to repo transactions in money market and corporate debt securities shall not be more than 10 % of the net assets of the Scheme.
- As per the circular, 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), 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.
- Mutual funds shall participate in repo transactions only in AA and above rated money market and corporate debt securities.

These conditions will be subject to any revisions announced by SEBI from time to time.

#### **Other Guidelines**

- i. Category and credit rating of counter party:
  1. SEBI regulated mutual funds
  2. RBI regulated Banks, Non-Banking Finance Companies, Primary Dealers
  3. IRDA regulated Insurance companies
  4. Corporates for whom credit limits have been assigned are eligible counterparties. These corporates should have a minimum investment grade credit rating. For new counterparties, approval from Head - Risk will be taken and an assessment will be done by the Risk & Quantitative Analysis team.
- ii. Tenor of collateral: <=20 years for corporate debt securities.
- iii. Applicable haircuts: RBI, in its circular no. IDMD.PCD. 09 /14.03.02 /2012-13 dated January 7, 2013 prescribed the following minimum haircuts on the market value of the underlying security:
  - a. AAA rated: 7.5%
  - b. AA+ rated: 8.5%
  - c. AA rated: 10%

The above haircuts are subject to change based on how market practice evolves with respect to corporate bond repo. Prior approval of the Investment committee shall be sought for change in the haircut from existing % to such other % as deemed fit.

Valuation of repo assets: At cost.

### **Commodity ETFs, Exchange Traded Commodity Derivatives (ETCDs) & any other mode of investment in commodities as permitted by SEBI from time to time.**

The scheme will also invest in Commodity ETFs, Exchange Traded Commodity Derivatives (ETCDs) or any other permissible instruments linked with commodity prices permitted by SEBI in order to achieve the investment objective.

Within the stated allocation range, actual allocation to commodities/commodity ETFs/ETCD will depend upon an internally driven process based on (i) macroeconomic environment (including interest rates and inflation) (ii) general liquidity and technical considerations and (iii) to capture arbitrage opportunities, price corrections or other event based opportunities in the market .

Under commodity derivatives the scheme shall invest in both futures and options contracts of underlying assets. During the course of trading or investing in commodities derivatives the scheme might have to take physical delivery of the commodities through the commodity exchange contracts. However, the scheme may hold the underlying goods in case of physical settlement of contracts, in that case mutual funds shall dispose of such goods from the books of the scheme, at the earliest, not exceeding the timeline prescribed below:

- a) For Gold and Silver: - 180 days from the date of holding of physical goods,
- b) For other goods (except for Gold and Silver):

- 1) By the immediate next expiry day of the same contract series of the said commodity.
- 2) However, if Final Expiry Date (FED) of the goods falls before the immediate next expiry day of the same contract series of the said commodity, then within 30 days from the date of holding of physical goods.

### **Overseas securities**

The scheme will also invest in overseas securities as permitted by SEBI in order to achieve the investment objective.

Within the stated allocation range, actual allocation to overseas ETF/index funds will depend upon an internally driven process based on (i) fundamental outlook for equity markets and the prevailing valuation framework, (ii) the macroeconomic environment (including interest rates and inflation) (iii) general liquidity and technical considerations and (iv) to capture arbitrage opportunities, price corrections or other event based opportunities in the market.

### **REITs & InvITs**

The scheme may invest in REITs or InvIT. Within the stated allocation range, actual allocation to REITs & InvITs will depend upon an internally driven process based on various factors such as liquidity, sector outlook and returns expectations.

### **Trading in Derivatives**

Subject to SEBI (Mutual Fund) Regulations, 1996, the Scheme may use techniques and instruments such as trading in derivative instruments to hedge the risk of fluctuations in the value of the investment portfolio. In accordance with the guidelines issued by the SEBI, exposure to derivative instruments will be restricted to the limit as specified along with the asset allocation pattern of the scheme.

A derivative is an instrument whose value is derived from the value of one or more of the underlying assets which can be commodities, precious metals, bonds, currency, etc. Common examples of Derivative instruments are Interest Rate Swaps, Forward Rate Agreements, Futures, Options, etc.

The Scheme may use techniques and instruments such as trading in derivative instruments to hedge the risk of fluctuations in the value of the investment portfolio. The Scheme may purchase call and put options in securities in which it invests and on securities indices based on securities in which the scheme invests. Through the purchase and sale of futures contracts and purchase of related options on those contracts the Fund would seek to hedge against a decline in securities owned by the Fund or an increase in the prices of securities which the Fund plans to purchase. The Fund would sell futures contracts on securities indices in anticipation of a fall in stock prices, to offset a decline in the value of its equity portfolio. When this type of hedging is successful, the futures contract increase in value while the Fund's investment portfolio declines in value and thereby keep the Fund's net asset value from declining as much as it otherwise would. Similarly, when the Fund is not fully invested, and an increase in the price of equities is expected, the Fund would purchase futures contracts to gain rapid market exposure that may partially or entirely offset increase in the cost of the equity securities it intends to purchase. Further, the Scheme may invest in other schemes managed by the AMC or in the Schemes of any other Mutual Funds, provided it is in conformity with the prevailing Regulations. As per the Regulations, no investment management fees will be charged for such investments.

**a) Index/ Stock spot - Index/ Stock Futures:**

This strategy is employed when the price of the future is trading at a premium to the price of its underlying in spot market. The Scheme shall buy the stock in spot market and endeavor to simultaneously sell the future at a premium on a quantity neutral basis.

Buying the stock in spot market and selling the futures results into a hedge where the Scheme has locked in a spread and is not affected by the price movement of cash market and futures market. The arbitrage position can be continued till expiry of the future contracts. The future contracts are settled based on the last half an hour's weighted average trade of the spot market. Thus there is a convergence between the spot price and the futures market on expiry.

This convergence helps the Scheme to generate the arbitrage return locked in earlier.

On or before the date of expiry, if the price differential between the spot and futures position of the subsequent month maturity still remains attractive, the scheme may rollover the futures position and hold onto the position in the spot market. In case such an opportunity is not available, the scheme would liquidate the spot position and settle the futures position simultaneously.

Rolling over of the futures transaction means unwinding the short position in the futures of the current month and simultaneously shorting futures of the subsequent month maturity, and holding onto the spot position.

**b) Index Arbitrage:**

The S&P CNX Nifty derives its value from fifty constituent stocks; the constituent stocks (in their respective weights) can be used to create a synthetic index matching the Nifty Index. Also, theoretically, the fair value of a future is equal to the spot price plus the cost of carry.

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.

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.

One instance in which an index arbitrage opportunity exists is when Index future is trading at a discount to the index (spot) and the futures of the constituent stocks are trading at a cumulative premium.

The investment manager shall endeavour to capture such arbitrage opportunities by taking long positions in the Nifty Index futures and short positions in the synthetic index (constituent stock futures). Based on the opportunity, the reverse position can also be initiated.

**c) Corporate Action / Event Driven Strategies:**

**I. IDCW Arbitrage**

At the time of declaration of IDCW, the stock futures / options market can provide a profitable opportunity. Generally, the stock prices decline by the IDCW amount when the stock becomes ex-IDCW.

**II. Buy-Back/ Open Offer Arbitrage**

When the Company announces the buy-back or open offer of its own shares, there could be opportunities due to price differential in buyback price and traded price.

**III. Merger**

When the Company announces any merger, amalgamation, hive off, de-merger, etc, there could be opportunities due to price differential in the cash and the derivative market.

**d) Portfolio Hedging:**

This strategy will be adopted:

- (i) If in an already invested portfolio of a Scheme, the Investment manager is expecting a market correction, the Investment manager may sell Index Futures to insulate the portfolio from the market related risks.
- (ii) If there are significant inflows to the Scheme and the market expectations are bullish, the Investment manager may buy Index Futures to continue participation in the equity markets. This strategy is used to reduce the time to achieve the desired invested levels.

**Portfolio Turnover**

Portfolio turnover is defined as the lower of the aggregate value of purchases or sales as a percentage of the corpus of a scheme during a specified period of time. This will exclude purchases and sales of money market securities. The Scheme is open ended, with subscriptions and redemptions expected on a daily basis, resulting in net inflow/outflow of funds, and on account of the various factors that affect portfolio turnover; it is difficult to give an estimate, with any reasonable amount of accuracy.

Therefore, the Scheme has no specific target relating to portfolio turnover.

**Advantages of Trading in Derivatives**

Advantages of derivatives are many. The use of derivatives provides flexibility to the Schemes to hedge whole or part of the portfolio. The following section describes some of the more common derivatives transactions along with their benefits:

Derivatives are financial contracts of pre-determined fixed duration, whose values are derived from the value of an underlying primary financial instrument, commodity or index, such as interest rates, exchange rates, commodities and equities.

## 1. Futures

A futures contract is a standardized contract between two parties where one of the parties commits to sell, and the other to buy, a stipulated quantity of a security at an agreed price on or before a given date in future.

Currently, futures contracts have a maximum expiration cycle of 3 months. Three contracts are available for trading, with 1 month, 2 months and 3 months expiry respectively. A new contract is introduced on the next trading day following the expiry of the relevant monthly contract. Futures contracts typically expire on the last Thursday of the month. For example a contract with the March 2021 expiration expires on the last Thursday of March 2021 (March 25, 2021).

### Basic Structure of an Index Future

The Stock Index futures are instruments designed to give exposure to the equity markets indices. The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE) have trading in index futures of 1, 2 and 3 month maturities. The pricing of an index future is the function of the underlying index and short-term interest rates. Index futures are cash settled, there is no delivery of the underlying stocks.

#### Example using hypothetical figures:

##### 1 month ABC Index Future

If the Scheme buys 2,000 futures contracts, each contract value is 50 times the futures index price.

Purchase Date : March 01, 2021

Spot Index : 11,200.00

Future Price : 11,300.00

Date of Expiry : March 25, 2021

Margin : 10%

Assuming the exchange imposes a total margin of 10%, the Investment Manager will be required to provide a total margin of approx. Rs. 113,000,000 (i.e.  $10\% \times 11,300 \times 2000 \times 50$ ) through eligible securities and cash.

Assuming on the date of expiry, i.e. March 28, 2019, ABC Index closes at 11,350, the net impact will be a profit of Rs. 5,000,000 for the Scheme, i.e.  $(11,350 - 11,300) \times 2000 \times 50$  (Futures price = Closing spot price = Rs. 11,350.00)

Profits for the Scheme =  $(11,350 - 11,300) \times 2000 \times 50 = \text{Rs. } 5,000,000$ .

Please note that the above example is given for illustration purposes only. Some assumptions have been made for the sake of simplicity.

The net impact for the Scheme will be in terms of the difference of the closing price of the index and cost price. Thus, it is clear from the above example that the profit or loss for the Scheme will be the difference between the closing price (which can be higher or lower than the purchase price) and the purchase price. The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures.

### Basic Structure of a Stock Future

A futures contract on a stock gives its owner the right and obligation to buy or sell stocks. Single Stock Futures traded on NSE (National Stock Exchange) are cash settled; there is no delivery of the underlying stocks on the expiration date. A purchase or sale of futures on a security gives the trader essentially the same price exposure as a purchase or sale of the security itself. In this regard, trading stock futures is no different from trading the security itself.

#### Example using hypothetical figures:

The Scheme holds shares of XYZ Ltd., the current price of which is Rs. 500 per share. The Scheme sells one month futures on the shares of XYZ Ltd. at the rate of Rs. 540.

If the price of the stock falls, the Mutual Fund will suffer losses on the stock position held. However, in such a scenario, there will be a profit on the short futures position.

At the end of the period, the price of the stock falls to Rs. 450 and this fall in the price of the stock results in a fall in the price of futures to Rs. 470. There will be a loss of Rs. 50 per share (Rs. 500 - Rs. 450) on the holding of the stock, which will be offset by the profits of Rs. 70 (Rs. 540 - Rs. 470) made on the short futures position.

Please note that the above example is given for illustration purposes only. Some assumptions have been made for the sake of simplicity. Certain factors like margins and other related costs have been ignored. The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures.

## 2. Options

An option gives a person the right but not an obligation to buy or sell something. 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.

**An option contract may be of two kinds:**

### 1) Call option

An option that provides the buyer the right to buy is a call option. The buyer of the call option can call upon the seller of the option and buy from him the underlying asset at the agreed price. The seller of the option has to fulfill the obligation upon exercise of the option.

### 2) Put option

The right to sell is called a put option. Here, the buyer of the option can exercise his right to sell the underlying asset to the seller of the option at the agreed price.

Option contracts are classified into two styles:

#### (a) European Style

In a European option, the holder of the option can only exercise his right on the date of expiration only.

#### (b) American Style

In an American option, the holder can exercise his right anytime between the purchase date and the expiration date.

## Basic Structure of an Equity Option

In India, options contracts on indices are European style and cash settled whereas, option contracts on individual securities are American style and cash settled.

### Example using hypothetical figures:

Market type	: N
Instrument Type	: OPTSTK
Underlying	: XYZ Ltd. (XYZ)
Purchase date	: March 1, 2021
Expiry date	: March 25, 2021
Option Type	: Put Option (Purchased)

Strike Price : Rs. 9,750.00  
 Spot Price : Rs. 9,800.00  
 Premium : Rs. 200.00  
 Lot Size : 100  
 No. of Contracts : 50

Say, the Mutual Fund purchases on March 1, 2021, 1 month Put Options on XYZ Ltd. (XYZ) on the NSE i.e. put options on 5000 shares (50 contracts of 100 shares each) of XYZ.

As these are American style options, they can be exercised on or before the exercise date i.e. March 25, 2021. If the share price of XYZ Ltd. falls to Rs. 9,500/- on March 25, 2021, and the Investment Manager decides to exercise the option, the net impact will be as Follows:

Premium Expense = Rs. 200 \* 50 \* 100 = Rs. 10,00,000/-  
 Option Exercised at = Rs. 9,500/-  
 Profits for the Mutual Fund = (9,750.00 - 9,500.00) \* 50 \* 100 = Rs. 12,50,000/-  
 Net Profit = Rs. 12,50,000 - Rs. 10,00,000 = Rs. 2,50,000/-

In the above example, the Investment Manager hedged the market risk on 5000 shares of XYZ Ltd. by purchasing put options.

Please note that the above example is given for illustration purposes only. Some assumptions have been made for the sake of simplicity. Certain factors like margins have been ignored. The purchase of Put Options does not increase the market risk in the Mutual Fund as the risk is already in the Mutual Fund's portfolio on account of the underlying asset position (in his example shares of XYZ Ltd.). The Premium paid for the option is treated as an expense and added to the holding cost of the relevant security. Additional risks could be on account of illiquidity and potential mis-pricing of the options.

### Exposure to Equity Derivatives

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

- a. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest in the market in index options, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

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

- a. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest in the market in index futures, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

#### iii. Additional position limit for hedging:

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

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

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

The combined futures and options position limit shall be 20% of the applicable Market Wide Position Limit (MWPL).

#### v. Position limit for the Scheme:

The position limits for the Scheme and disclosure requirements are as follows:

- a. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a Fund shall not exceed the higher of 1% of free float market capitalization (in terms of number of shares).  
Or  
5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
- b. This position limit shall be applicable on the combined position in all derivative contracts on a underlying stock at a Stock Exchange.
- c. For index based contracts, the Mutual Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

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

#### **Exposure Limits:**

With respect to investments made in derivative instruments, the Schemes shall comply with the following exposure limits in line with Clause 12.25 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023:

1. 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), other permitted securities/assets and such other securities/assets as may be permitted by SEBI from time to time should not exceed 100% of the net assets of the scheme. However, the following shall not be considered while calculating the gross exposure:
  - a. Security-wise hedged position and
  - b. Exposure in cash or cash equivalents with residual maturity of less than 91 days
2. The total exposure related to option premium must not exceed 20% of the net assets of the Scheme.
3. The Mutual Fund shall not write options or purchase instruments with embedded written options.
4. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:
  - a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
  - b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.
  - c. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
  - d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
5. (a) Mutual Funds may enter into plain vanilla Interest Rate Swaps (IRS) 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.
  - (b) In case of participation in IRS is through over the counter transactions, the counter party has to be an entity recognized as a market maker by RBI and exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme. However, if 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.

6. 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.

7. Definition of Exposure in case of Derivative Positions:

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

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

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

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

9. The Scheme shall not carry out imperfect hedging using IRFs.

### Interest Rate Swap (IRS)

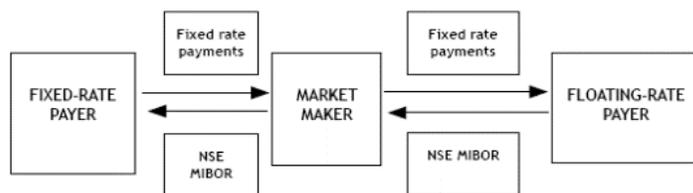
Any swap is effectively an exchange of one set of cash-flows for another considered to be of equal value. If the exchange of cash flows is linked to interest rates, it becomes an interest rate swap.

An interest rate swap is an agreement between two parties to exchange future payment streams based on a notional amount. Only the interest on the notional amount is swapped, and the principal amount is never exchanged.

In a typical interest rate swap, one party agrees to pay a fixed rate over the term of the agreement and to receive a variable or floating rate of interest. The counterparty receives a stream of fixed rate payments at regular intervals as described in the agreement and pays the floating rate of interest. A fixed/ floating interest rate swap is characterized by:

1. Fixed interest rate;
2. Variable or floating interest rate, which is periodically reset;
3. Notional principal amount upon which total interest payments are based; and
4. The terms of the agreement, including a schedule of interest rate reset dates, payment dates and termination date.

The primary reason for engaging in an interest rate swap is to hedge the interest rate exposure. An illustration could be an institution having long-term fixed rate assets (longer tenor securities receiving fixed rate) in a rising interest rate environment; it can hedge the interest rate exposure by purchasing an interest rate swap where the institution receives floating interest rate and pays fixed rate. In this case, an interest rate swap is likely to reduce the duration and interest rate volatility of the fund.



**Example:**

**Terms:**

Fixed Interest Rate : 8.50% p.a.  
 Variable Interest Rate : NSE Over-Night MIBOR reset daily and compounded daily  
 Notional Principal Amount: Rs.100 Crore  
 Period of Agreement : 1 year  
 Payment Frequency : Semi-annual

Now, suppose the six-month period from the effective date of the swap to the first payment date comprises 182 days and the daily compounded NSE Over-Night MIBOR is 8.15% p.a. on the first payment date, then the fixed and variable rate payment on the first payment date would be as follows:

**Fixed rate payment:**

$$\text{Rs. } 4,23,83,562 = (\text{Rs. } 100,00,00,000) \times (8.50\%) \times (182 \text{ Days} / 365 \text{ Days})$$

**Variable rate payment:**

$$\text{Rs. } 4,06,38,356 = (\text{Rs. } 100,00,00,000) \times (8.15\%) \times (182 \text{ Days} / 365 \text{ Days})$$

Often, a swap agreement will call for only the exchange of net amount between the counterparties. In the above example, the fixed-rate payer will pay the variable-rate payer a net amount of Rs. 17,45,205 = Rs. 4,23,83,562 - Rs. 4,06,38,356.

The second and final payment will depend on the daily NSE MIBOR compounded daily for the remaining 183 days. The fixed rate payment will also change to reflect the change in holding period from 182 days to 183 days.

**4. Forward Rate Agreement (FRA)**

An FRA is an off balance sheet agreement to pay or receive on an agreed future date, the difference between an agreed interest rate and the interest rate actually prevailing on that future date, calculated on an agreed notional principal amount. It is settled against the actual interest rate prevailing at the beginning of the period to which it relates rather than paid as a gross amount.

An FRA is referred to by the beginning and end dates of the period covered. Thus a 5x8 FRA is one that covers a 3-month period beginning in 5-months and ending in 8-months. FRAs are purchased to hedge the interest rate risk; an investor facing uncertainty of the interest rate movements can fix the interest costs by purchasing an FRA.

An illustration could be a corporation having floating rate debt linked to an index such as say, 3-Month MIBOR. If the existing interest cost is at 8% on Rs.100 Crore for the next three months, the corporation can purchase a 3x6 FRA @ 8.1% on Rs.100 Crore and fix the interest cost for the 3-6 months period. If the actual 3-Month MIBOR after 3-months is at 8.25%, the corporation has saved 15 bps in interest cost. As the settlement is done at the beginning of the period, the savings in interest expense are discounted to a present value using a 3-month rate to calculate the actual settlement amount.

The flows for the institution will be, as follows:

Interest Savings = Rs. 100 Crore \* 15 bps \* 92/365  
 (assuming 92 days in the 3 month FRA period and 365 days in the conventional year) = Rs.3,78,082.19  
 Settlement Amount = Rs.3,78,082.19/ (1+8.25%\*92/365)

Please note that the above examples are hypothetical in nature and the figures are assumed.

## 5. Interest Rate Futures

An Interest Rate Futures ('IRF') contract is "an agreement to buy or sell a debt instrument at a specified future date at a price that is fixed today." The underlying security for Interest Rate Futures is either Government Bond or T-Bill. Interest Rate Futures are Exchange traded and standardized contracts based on 6 year, 10 year and 13 year Government of India Security and 91-day Government of India Treasury Bill (91DTB). These future contracts are cash settled. These instruments can be used for hedging the underlying cash positions.

For example, assume a portfolio has Rs. 100 crores of Government security 7.59% GOI 2026 with face value Rs. 100/- . The bond is currently trading in market at 105.00.  
 The futures on 7.59% GOI 2026, expiring on 26<sup>th</sup> October 2018 is trading on exchange at 105.10.

Instead of exiting the cash position, the fund manager can decide to hedge the position by selling the same quantity in futures. Since one contract of IRF has a notional of Rs. 2 lakhs, in this example the fund manager sells Rs. 100 crores/2 lakhs = 5000 contracts, to hedge his position.

At maturity, the settlement price of the futures will be almost same as closing price of the underlying security.

### At maturity of the Interest Rate Futures

Case 1: At maturity Bonds close higher than the price at which fund manager hedged the position, but below the futures price at which he hedged

Closing price of Bonds on day of maturity of futures = 105.05

Settlement price of futures = 105.05

MTM gain on the underlying bond = (105.05-105.00) \* 100 crores / 100 (i.e. face value of bond) = Rs. 5,00,000

The profit on the futures leg is = 5000\*2lakhs \*(105.10-105.05)/ 100 (i.e. face value of bond) = Rs 5,00,000

Overall profit to the fund = Rs 10,00,000

Case 2: At maturity bonds close higher than the level at which futures were sold

In case, the closing price of bonds on the day of maturity of futures = 105.20,

Settlement price of futures = 105.20

The MTM gain on bonds = (105.20-105.00) \* 100 crores /100 (i.e. face value of bond) = Rs. 20,00,000

Loss on futures leg = 5000\*2 lakhs \* (105.10-105.20) /100 (i.e. face value of bond) = (Rs 10,00,000)

Total Profit to the fund = Rs 10,00,000

Case 3: At maturity bonds sells off from levels were hedges were initiated

In case, the closing price of bonds on the day of maturity of futures = 104.80,

Settlement price of futures = 104.80

The MTM loss on bonds = (104.80-105.00) \* 100 crores= (Rs. 20,00,000)

Profit on futures leg = 5000\*2 lacs \* (105.10-104.80) = Rs 30,00,000

Total Profit to the fund = Rs 10,00,000

## SEGREGATION OF PORTFOLIO

The AMC may create segregated portfolio of debt and money market instruments in a mutual fund scheme in case of a credit event and to deal with liquidity risk. In this regard, the term 'segregated portfolio' shall mean a portfolio comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme and the term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio. The term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

A segregated portfolio may be created in a mutual fund scheme in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:

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

In case of difference in 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.

### **Writing call options under 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. Covered calls are an options strategy where a person holds a long position in an asset and writes (sells) call options on that same asset to generate an income stream. The Scheme may write call options under covered call strategy, as permitted by Regulations.

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. This strategy is also employed when the Fund Manager has a short-term neutral view on the asset and for this reason holds the asset long and simultaneously takes a short position via covered call option strategy to generate income from the option premium. The strategy offers the following benefits:

- a) Hedge against market risk - Since the fund manager sells a call option on a stock already owned by the mutual fund scheme, the downside from fall in the stock price would be lower to the extent of the premium earned from the call option.
- b) Generating additional returns in the form of option premium in a range bound market.

Thus, a covered call strategy involves gains for unit holders in case the strategy plays out in the right direction

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 which reduced the purchase cost of the stock (Rs. 1000 - Rs. 50 = Rs. 950).

Net Gain - Rs. 150

Scenario 2: Stock prices stays 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

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

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

## **F. FUNDAMENTAL ATTRIBUTES**

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

- i. Type of Scheme- “An open ended scheme investing in equity/equity related securities, debt/ money market instruments, commodities / exchange traded commodity derivatives and overseas securities”
- ii. Investment Objective
  - Main Objective - Please refer “Information about the Scheme”.
  - Investment pattern - Please refer “How will the Scheme allocate its assets?”
- iii. Terms of Issue
  - Liquidity provisions such as listing, repurchase, redemption. Please refer, Section “Units and Offer.”
  - Aggregate fees and expenses charged to the Scheme. Please refer, Section “Fees and Expenses.”
  - Any safety net or guarantee provided - Not applicable

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustee shall ensure that no change in the fundamental attributes of the Scheme(s) and the Option(s) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and Option(s) thereunder and affect the interests of Unit Holders is carried out unless:

- An application has been made with SEBI and views/comments of SEBI are sought on the proposal for fundamental attribute changes;
- 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
- The Unit Holders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

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

The performance of the scheme will be benchmarked against 40% NIFTY500 TRI + 20% NIFTY Composite Debt Index + 15% Domestic Price of Physical Gold (based on London Bullion Market Association (LBMA) gold daily spot fixing price) + 5% iCOMDEX Composite Index + 20% MSCI World Index

## Index Methodology of the Indices

**Nifty 500:** The Nifty 500 index represents top 500 companies selected based on full market capitalization from the eligible universe. Nifty 500 Index is computed using free float market capitalization method, wherein the level of the index reflects the total free float market value of all the stocks in the index relative to particular base period.

### Eligibility Criteria for Selection of Constituent Stocks:

All equity shares listed on the NSE are eligible for inclusion in the Nifty indices. Convertible stock, bonds, warrants, rights, and preferred stock that provide a guaranteed fixed return are not eligible for inclusion in the Nifty indices. To be considered for inclusion in Nifty 500 index, companies must form part of eligible universe. The eligible universe includes:

- i. Companies ranked within top 800 based on both average daily turnover and average daily full market capitalisation based on
- ii. previous six months period data
- iii. Companies traded for at least 90% of days during the previous six months period
- iv. Securities will be included if rank based on full market capitalisation is among top 350
- v. Securities will be included if full market capitalisation is 1.50 times of the last constituent in Nifty 500
- vi. Securities will be excluded if rank based on full market capitalisation falls below 800
- vii. Eligibility criteria for newly listed security is checked based on the data for a three-month period instead of a six-month period

**Index Re-Balancing:** Index is re-balanced on semi-annual basis. The cut-off date is January 31 and July 31 of each year, i.e. For semi-annual review of indices, average data for six months ending the cut-off date is considered. Four weeks prior notice is given to market from the date of change.

**NIFTY Composite Debt Index:** Nifty Fixed Income Aggregate Indices consist of 13 indices which measure the performance of various fixed income portfolios covering Government securities, Corporate bonds of different credit rating categories, Commercial papers, Certificate of deposits, T-Bills and Overnight rate. One of the 13 indices is Nifty Composite Debt Index. NIFTY Composite Debt Index seeks to track the performance of a debt portfolio that includes government securities, state development loans and AAA/AA+/AA rated corporate bonds across duration. The base date for index is September 03, 2001 and base value is 1000. Total Return Index seeking to capture coupon and price return of the portfolio. Index derived from the following sub-indices:

- i. NIFTY All Duration G-Sec Index
- ii. NIFTY 10 Year SDL Index
- iii. NIFTY AAA Short Duration Bond Index
- iv. NIFTY AAA Medium Duration Bond Index
- v. NIFTY AAA Medium to Long Duration Bond Index
- vi. NIFTY AA+ Short Duration Bond Index
- vii. NIFTY AA Short Duration Bond Index
- viii. NIFTY AA+ Medium Duration Bond Index
- ix. NIFTY AA Medium Duration Bond Index
- x. NIFTY AA+ Medium to Long Duration Bond Index
- xi. NIFTY AA Medium to Long Duration Bond Index

**MSCI World Index:** The MSCI World Index captures large and mid-cap representation across 23 Developed Markets (DM) countries\*. With 1,506 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**iCOMDEX Composite Index:** MCX iCOMDEX series of commodity indices are excess return indices which consist of a composite index (constituting futures contracts across different commodity segments), two sectoral indices (Bullion Index and Base Metals Index) and four Single Commodity Indices (Gold Index, Silver Index,

Copper Index and Crude Oil Index). The underlying constituents of all the indices under the MCX iCOMDEX series are liquid futures contracts traded on MCX.

#### H. WHO WILL MANAGE THE SCHEME?

Fund Manager	Age	Tenure	Qualifications	Brief Experience	Other Scheme managed
Ms. Aparna Karnik (Equity portion)	44 years	-	B.Com, M.M.S. (Mumbai University)	From April 2023 to present: DSPAM - Senior Vice President, Head - Quantitative Investments and Analytics. From May 2022 to March 2023: DSPIM - Senior Vice President, Head - Quantitative Investments and Analytics From May 2010 to April 2022: DSPIM - Senior Vice President and Head - Risk & Quantitative Analysis From April 2007 to May 2010: CRISIL Ltd, Senior Manager, Corporate & Infrastructure Ratings From August 2004 to March 2007: CRISIL Ltd, Manager, Structured Finance Ratings	DSP Value Fund DSP Quant Fund
Mr. Prateek Nigudkar (Equity portion)	37 years	-	MS Quantitative Finance, B.E	From April 1, 2023 onwards, Fund Manager - DSP Asset Managers Private Limited From May 1, 2022 to March 31, 2023, Fund Manager - DSP Investment Managers Private Limited Oct-2017-April 30, 2022, Quantitative Analyst - DSP Investment Managers Private Limited May 2017 - Sept 2017, Quantitative Analyst - State Street Global Advisors Jan 2012 - April 2017, Quantitative Analyst - Credit Suisse Business Analytics (India)	DSP Value Fund DSP Quant Fund
Mr.Sandeep Yadav (Debt Portion)	44 years	-	PGDBM - IIM Bangalore, 2004 B.E. - Army Institute of Technology, Pune, 2000	Over 20 years of Experience: From April 01, 2023 onwards- Head Fixed Income- DSP Asset Managers Private Limited From September 02, 2021 to March 31, 2023- Head Fixed Income- DSP Investment Managers Private Limited From Jan 2006- Aug 2021 -Yes Bank Ltd- Head Primary Dealership and Fixed Income Trading. From Apr 2004- Sep 2005- Cognizant Technology Solutions- Senior Business Analyst	DSP FMP Series 267 - 1246 Days DSP FMP Series 268 - 1281 Days DSP FMP Series 270 - 1144 Days DSP Short Term Fund DSP Strategic Bond Fund

Fund Manager	Age	Tenure	Qualifications	Brief Experience	Other Scheme managed
				From Jan 2001- Apr 2002- Hughes Software Solutions- Software Engineer From Aug 2000 - Jan 2001- Mahindra British Telecom- Trainee Software Engineer	
Jay Kothari (Dedicated Fund Manager for overseas investments)	42 years	-	Bachelor in Management Studies (BMS) Mumbai University MBA (Finance) - Mumbai University	Over 20 years of experience as detailed under: From April 2023 to Present- Vice President in Equity Investments and a Product Strategist at DSPAM From 2010 to March 2023 - Vice President in Equity Investments and a Product Strategist at DSPIM From 2005 to 2010 - Mumbai Banking Sales Head at DSPIM From 2002 to 2003 - Priority Banking division at Standard Chartered Bank.	DSP Equity Opportunities Fund, DSP Equity Savings Fund, DSP Focus Fund, DSP Global Allocation Fund, DSP Global Innovation Fund of Fund, DSP India T.I.G.E.R. Fund (The Infrastructure Growth and Economic Reforms Fund), DSP Mid Cap Fund, DSP Natural Resources and New Energy Fund, DSP Regular Savings Fund, , DSP Small Cap Fund, DSP Top 100 Equity Fund, DSP US Flexible* Equity Fund, DSP Healthcare Fund, DSP Value Fund, DSP World Agriculture Fund, DSP World Energy Fund, DSP World Gold Fund, DSP World Mining Fund
Mr. Ravi Gehani (Dedicated Fund Manager for Commodities )	31 years	-	MMS - Finance, MET Institute of Management , Mumbai B.Com, University of Mumbai, Mumbai	Apr-2022 - to Present, Manager, DSPAM. Apr-2022 - March 2023, Manager, DSPIM. March 2017 - Apr 2022 - Assistant Manager, Muthoot Exim Pvt Ltd. Handled various roles in Bullion Price Risk, Products and Operations. April 2015- January 2016- Analyst, Investor Relations- S-Ancial Global Solutions Pvt Ltd. March 2013 - August 2014- Trader, Commodities- Latin Manharlal Commodities Pvt Ltd. Worked as commodities trader.	DSP Silver ETF DSP Gold ETF

\*The term “Flexible” in the name of the Scheme signifies that the Investment Manager of the Underlying Fund can invest either in growth or value investment characteristic securities placing an emphasis as the market outlook warrants.

## I. WHAT ARE THE INVESTMENT RESTRICTIONS?

As per the Trust Deed read with the SEBI (MF) Regulations, the following investment restrictions apply in respect of the Scheme at the time of making investments. However, all investments by the Scheme will be made in accordance with the Investment Objective and Investment Pattern described earlier, as well as the SEBI (MF) Regulations, including Schedule VII thereof, as amended from time to time.

Subject to the asset allocation table mentioned in Sub-Section “How Will the Scheme Allocate Its Assets?” of this document, the following investment restrictions are presently applicable:

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

In accordance with clause 12.8.3 of Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, within the single issuer limit specified above for debt and money market instruments, the Scheme shall not invest more than:

A mutual fund scheme shall not invest more than:

- a. 10% of its NAV in debt and money market securities rated AAA; or
- b. 8% of its NAV in debt and money market securities rated AA; or
- c. 6% of its NAV in debt and money market securities rated A and below issued by a single issuer.

The above investment limits may be extended by up to 2% of the NAV of the scheme with prior approval of the Board of Trustees and Board of Directors of the AMC, subject to compliance with the overall 12% limit specified in Seventh Schedule of MF Regulation.

Provided that such limit shall not be applicable for investments in Government securities, T-Bills and triparty repo on Government securities or treasury bills.

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

The long-term rating of issuers shall be considered for the money market instruments. However, if there is no long-term rating available for the same issuer, then based on credit rating mapping of CRAs between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating. Exposure to government money market instruments such as TREPS on G-Sec/ T-bills shall be treated as exposure to government securities.

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

Provided that Mutual Fund Schemes may invest in unlisted Non-Convertible Debentures (NCD) upto a maximum of 10% of the debt portfolio of the scheme subject to the condition that such unlisted NCDs have a simple structure (i.e. with fixed and uniform coupon, fixed maturity period, without any options, fully paid up upfront, without any credit enhancements or structured obligations) and are rated and secured with coupon payment frequency on monthly basis.

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

- Investments should only be made in such instruments, including bills re-discounting, usance bills, etc., that are generally not rated and for which separate investment norms or limits are not provided in SEBI (Mutual Fund) Regulations, 1996 and various circulars issued thereunder.
- Exposure of mutual fund schemes in such instruments shall not exceed 5% of the net assets of the schemes.

All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.

2. All fresh investments by mutual fund scheme in CPs would be made only in CPs which are listed or to be listed.
3. Restrictions on Investment in debt instruments having Structured Obligations / Credit Enhancements:  
The investment of mutual fund schemes in the following instruments shall not exceed 10% of the debt portfolio of the schemes and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the schemes:
  - i. Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and
  - ii. Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade.
  - iii. Investment limits as mentioned above shall not be applicable on investments in securitized debt instruments, as defined in SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations 2008.
  - iv. Investment in debt instruments, having credit enhancements backed by equity shares directly or indirectly, shall have a minimum cover of 4 times considering the market value of such shares.

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

4. Transfer of investments from one Scheme to another Scheme in the Mutual Fund shall be allowed as per guidelines prescribed under clause 12.30 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023. Also clause 9.11 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, has prescribed the methodology for determination of price to be considered for inter-scheme transfers.
5. The Scheme may invest in another scheme (except fund of funds Schemes) under the AMC or any other mutual fund without charging any fees, provided that the aggregate inter-scheme investment made by all schemes under the same management or in scheme under the management of any other asset management company shall not exceed 5% of the Net Asset Value of the Mutual Fund.
6. The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities.

Provided that the Mutual Fund may engage in securities lending and borrowing in accordance with the framework specified by SEBI.

Provided further that the Mutual Fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI.

Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the RBI in this regard.

7. The Mutual Fund shall get the securities purchased/transferred in the name of the Mutual Fund on account of the Scheme, wherever the instruments are intended to be of a long term nature.
8. No Scheme shall invest more than 10% of its NAV in the equity shares/equity related instruments of any company or listed securities or units of venture capital funds. Provided that the limit of 10% shall not be applicable for investments in the case of index fund or sector or industry specific Scheme.
9. All investments by a mutual fund scheme in equity shares and equity related instruments shall only be made provided such securities are listed or to be listed.
10. The Fund under all its Schemes shall not own more than 10% of any company's paid up capital carrying voting rights.

Provided, investment in the asset management company or the trustee company of a mutual fund shall be governed by clause (a), of sub-regulation (1), of regulation 7B.

11. The Scheme shall not make any investment in any fund of funds Scheme.
12. Pending deployment of funds of the Scheme, the AMC may invest funds of the Scheme in short-term deposits of scheduled commercial banks shall be in terms of Clause 4.5.2 and 12.16 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023:
  - i. "Short Term" for parking of funds shall be treated as a period not exceeding 91 days.
  - ii. Such short-term deposits shall be held in the name of the Scheme.
  - iii. The Scheme shall not park more than 15% of their net assets in the short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with the prior approval of the Trustee. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
  - iv. The Scheme shall not park more than 10% of their net assets in short term deposit(s) with any one scheduled commercial bank including its subsidiaries.
  - v. The Trustee shall ensure that the funds of the Scheme are not parked in the short term deposits of a bank which has invested in the Scheme.
  - vi. AMC will not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks.
  - vii. The Trustee shall also ensure that the bank in which a scheme has short term deposits do not invest in the scheme until the scheme has short term deposits with such bank.

The above provisions do not apply to term deposits placed as margins for trading in cash and derivative market.

13. The Scheme shall not make any investment in:
  - any unlisted security of any associate or group company of the Sponsors; or
  - any security issued by way of private placement by an associate or group company of the Sponsors; or
  - the listed securities of group companies of the Sponsors, which is in excess of 25% of the net assets.
14. No sponsor of a mutual fund, its associate or group company including the asset management company of the fund, through the schemes of the mutual fund or otherwise, individually or collectively, directly or indirectly, have -
  - 10% or more of the share-holding or voting rights in the asset management company or the trustee company of any other mutual fund; or

- representation on the board of the asset management company or the trustee company of any other mutual fund.
15. No term loans for any purpose may be advanced by the Mutual Fund and the Mutual Fund shall not borrow except to meet temporary liquidity needs of the Scheme for the purpose of repurchase, redemption of Units or payment of interest or IDCWs to Unit Holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of each of the Scheme and the duration of such borrowing shall not exceed a period of six months.
  16. If any company invests more than 5 percent of the NAV of any of the Scheme, investment made by that Scheme or any other Scheme of the Mutual Fund in that company or its subsidiaries will be disclosed in accordance with the SEBI (MF) Regulations.
  17. As per clause 12.24 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, the cumulative gross exposure through equity, debt, derivative positions (including commodity and fixed income derivatives), repo transactions in corporate debt securities, Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs), other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the scheme. However, the following shall not be considered while calculating the gross exposure:
    - Security-wise hedged position and
    - Exposure in cash or cash equivalents with residual maturity of less than 91 days.
  18. The Mutual Fund under all its schemes shall not invest more than 10% of units issued by a single issuer of REIT and InvIT.
  19. The Scheme shall not invest:
    - (i) more than 10% of its NAV in the units of REITs and InvITs; and
    - (ii) more than 5% of its NAV in the units of REITs and InvITs issued by a single issuer.
  20. The net exposure of the scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the Scheme.
  21. (a) Mutual Funds may enter into plain vanilla Interest Rate Swaps (IRS) 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.  
  
(b) In case of participation in IRS is through over the counter transactions, the counter party has to be an entity recognized as a market maker by RBI and exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme. However, if 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.
  22. Participation of mutual funds in ETCDs shall be subject to the following investment limits:
    - a. Mutual fund schemes shall participate in ETCDs of a particular goods (single), not exceeding 10% of net asset value of the scheme.
    - b. In case of multi assets allocation schemes, the exposure to ETCDs shall not be more than 30% of the net asset value of the scheme.
    - c. The cumulative gross exposure through equity, debt and derivative positions (including commodity derivatives) shall not exceed 100% of net asset value of the scheme.
    - d. No mutual fund scheme shall have net short positions in ETCDs on any particular good, considering its positions in physical goods as well as ETCDs, at any point of time.

e. The following exposures shall not be considered in the cumulative gross exposure:

- a. Short position in Exchange Traded Commodity Derivatives (ETCDs) not exceeding the holding of the underlying goods received in physical settlement of ETCD contracts
- b. Short position in ETCDs not exceeding the long position in ETCDs on the same goods.
- c. Further, the mutual funds shall not write options, or purchase instruments with embedded written options in goods or on commodity futures.

23. Mutual Fund schemes (excluding ETFs and Index funds) can write Call options under a covered strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:

- a) 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.
- b) 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.
- c) The premium received shall be within the requirements prescribed in terms of Clause 12.25.2 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the scheme.

24. As per clause 12.2.2 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023-

- a) No Mutual Fund under all its schemes shall own more than 10% of debt instruments having Special Features issued by a single issuer.
- b) A scheme shall not invest -
  - o more than 10% of its NAV of the debt portfolio of the scheme in debt instruments having Special Features; and
  - o more than 5% of its NAV of the debt portfolio of the scheme in debt instruments having Special Features issued by a single issuer.

The above investment limit for a scheme shall be within the overall limit for debt instruments issued by a single issuer, as specified at clause 1 of the Seventh Schedule of SEBI (Mutual Fund) Regulations, 1996, and other prudential limits with respect to the debt instruments.

25. The Scheme will comply with any other Regulation applicable to the investments of mutual funds from time to time.

These investment limitations/parameters as expressed (linked to the Net Asset/Net Asset Value/capital) shall, in the ordinary course, apply as at the date of the most recent transaction or commitment to invest, and changes do not have to be effected merely because, owing to appreciation or depreciation in value or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any Scheme of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Mutual Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, the AMC shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the Unit Holders.

**Apart from the Investment Restrictions prescribed under the SEBI (MF) Regulations, there are internal risk parameters for limiting exposure to a particular security, country or sector. Such parameters are prescribed from time to time to respond to the dynamic market conditions and market opportunities.**

The Trustee /AMC may alter the above stated limitations from time to time, and also to the extent the SEBI (MF) Regulations change, so as to permit the Scheme to make their investments in the full spectrum of permitted investments in order to achieve their investment objective.

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

**J. HOW HAS THE SCHEME PERFORMED?**

This is a new Scheme being launched and hence, there is no performance track record.

Disclosure as per Clause 5.8.1 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023:

**SCHEME PORTFOLIO HOLDING (TOP 10 HOLDINGS)**

Top 10 Holdings issuer wise	% of Scheme
This being a new Scheme, hence not available.	N.A.

Link to the scheme's latest monthly portfolio holding: N.A.

**SECTOR ALLOCATION**

Sector wise break up

Sector	% of Scheme
This being a new Scheme, hence not available.	N.A.

Portfolio Turnover Ratio: N.A

K. HOW IS THE SCHEME DIFFERENT FROM THE EXISTING HYBRID SCHEMES OF THE MUTUAL FUND?

Scheme Name	Investment Objective	Allocation	Number of Folios as on June 30, 2023		AUM as on June 30, 2023 (Rs. in crores)	
			Direct Plan	Regular Plan	Direct Plan	Regular Plan
DSP Equity Savings Fund	<p>The investment objective of the Scheme is to generate income through investments in fixed income securities and using arbitrage and other derivative Strategies. The Scheme also intends to generate long-term capital appreciation by investing a portion of the Scheme's assets in equity and equity related instruments.</p> <p>However, there can be no assurance that the investment objective of the scheme will be realized.</p>	<p>Under normal circumstances, when adequate arbitrage opportunities are available and accessible in the cash and derivative market segment, the asset allocation of the Scheme will be as follows:</p> <p>A. Equity &amp; Equity related instruments including derivatives: 65%- 75%</p> <p>A1. Of which cash-futures arbitrage*: 10%-55%</p> <p>A2. Of which net long equity exposure^: 20% - 55%</p> <p>B. Debt and money market instruments :10% - 35%</p> <p>C. Units issued by REITs &amp; InvITs: 0% -10%</p> <p><b>When adequate arbitrage opportunities are not available and accessible in the cash and derivative market segment (Defensive Consideration), the asset allocation of the Scheme will be as follows:</b></p> <p>A. Equity &amp; Equity related instruments</p>	2206	8305	231.24	364.21

Scheme Name	Investment Objective	Allocation	Number of Folios as on June 30, 2023		AUM as on June 30, 2023 (Rs. in crores)	
			Direct Plan	Regular Plan	Direct Plan	Regular Plan
		<p>including derivatives: 55%- 65%</p> <p>A1. Of which cash-futures arbitrage*: 0%-45%</p> <p>A2. Of which net long equity exposure^: 20% - 55%</p> <p>B. Debt and money market instruments :25% - 60%</p> <p>C. Units issued by REITs &amp; InvITs: 0% -10%</p> <p>*Refers to equity exposure completely hedged with corresponding equity derivatives ^Refers to only net long equity exposures aimed to gain from potential capital appreciation and thus is a directional equity exposure which will not be hedged.</p>				
DSP Equity & Bond Fund	The primary investment objective of the Scheme is to seek to generate long term capital appreciation and current income from a portfolio constituted of equity and equity related securities as well as fixed income securities (debt and money market securities). There is no assurance that the investment objective of the Scheme will be realized.	<p>Equity and equity related securities: 65% - 75%</p> <p>Fixed income securities (Debt, securitized debt and money market securities): 25% - 35%</p>	19141	155553	536.80	7,290.62
DSP Dynamic Asset	The investment objective of the Scheme is to seek capital appreciation by	A. Equity & Equity related instruments	11134	52191	473.16	3,018.99

Scheme Name	Investment Objective	Allocation	Number of Folios as on June 30, 2023		AUM as on June 30, 2023 (Rs. in crores)	
			Direct Plan	Regular Plan	Direct Plan	Regular Plan
Allocation Fund	<p>managing the asset allocation between equity and fixed income securities. The Scheme will dynamically manage the asset allocation between equity and fixed income. Equity allocation will be decided based on a combination of valuation and momentum while fixed income and arbitrage will be resultant allocation.</p> <p>The Scheme intends to generate long-term capital appreciation by investing in equity and equity related instruments and seeks to generate income through investments in fixed income securities and by using arbitrage and other derivative strategies. However, there can be no assurance that the investment objective of the scheme will be realized.</p>	<p>Including derivatives: 65% - 100%</p> <p>B. Debt and money market instruments: 0%-35%</p>				
DSP Arbitrage Fund	<p>The investment objective of the Scheme is to generate income through arbitrage opportunities between cash and derivative market and arbitrage opportunities within the derivative market. Investments may also be made in debt &amp; money market instruments. However, there can be no assurance that the investment objective of the scheme will be realized.</p>	<p>Equity &amp; Equity related instruments including Equity Derivatives including Index Futures, Stock Futures, Stock Options, Index Options etc. #: 65% - 100%</p> <p>Debt, Money market instruments: 0-35%</p>	1631	3504	894.73	364.21
DSP Regular Savings Fund	<p>The primary Investment objective of the scheme is to seek to generate income, consistent with prudent risk, from a portfolio which is substantially constituted</p>	<p>*Debt and Money Market Securities: 75% - 90%</p>	712	4827	24.85	161.15

Scheme Name	Investment Objective	Allocation	Number of Folios as on June 30, 2023		AUM as on June 30, 2023 (Rs. in crores)	
			Direct Plan	Regular Plan	Direct Plan	Regular Plan
	of quality debt securities. The Scheme will also seek to generate capital appreciation by investing a smaller portion of its corpus in equity and equity related securities of issuers domiciled in India. There is no assurance that the investment objective of the Schemes will be realized.	Equity and equity related securities: 10% - 25%  Units issued by REITs/InvITS: 0% - 10%  *Debt securities may include securitized debts upto 50% of the net assets.				

For detailed of asset allocation of the aforesaid schemes you may refer its Scheme Information documents available on [www.dspim.com](http://www.dspim.com).

#### L. CREATION OF SEGREGATED PORTFOLIO IN CASE OF CREDIT EVENT

Creation of segregated portfolio shall be subject to guidelines specified by SEBI from time to time and includes the following:

1. Segregated portfolio may be created, in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:
  - a. Downgrade of a debt or money market instrument to 'below investment grade', or
  - b. Subsequent downgrades of the said instruments from 'below investment grade', or
  - c. Similar such downgrades of a loan rating

In case of unrated debt or money market instruments of an issuer that does not have any outstanding rated debt or money market instruments, actual default of either the interest or principal amount by the issuer of such instruments shall be considered as a Credit Event for creation of Segregated Portfolio.

2. In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as mentioned above and implemented at the ISIN level.
3. Creation of segregated portfolio is optional and is at the discretion of the AMC. It shall be created only if the Scheme Information Document (SID) of the scheme has provisions for segregated portfolio with adequate disclosures.

#### Process for Creation of Segregated Portfolio:

1. On the date of credit event, AMC should decide on creation of segregated portfolio. Once AMC decides to segregate portfolio, it should:
  - a. seek approval of trustees prior to creation of the segregated portfolio.
  - b. immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. The Fund will also disclose that the segregation shall be subject to Trustee approval. Additionally, the said press release will be prominently disclosed on the website of the AMC.

- c. 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 will be suspended for processing with respect to creation of units and payment on redemptions.
2. Once Trustee approval is received by the AMC:
    - a. Segregated portfolio will be effective from the day of credit event
    - b. AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information will also be submitted to SEBI.
    - c. An e-mail or SMS will be sent to all unit holders of the concerned scheme.
    - d. The NAV of both segregated and main portfolios will be disclosed from the day of the credit event.
    - e. All existing investors in the scheme as on the day of the credit event will be allotted equal number of units in the segregated portfolio as held in the main portfolio.
    - f. No redemption and subscription will be allowed in the segregated portfolio. However, upon recovery of any money from segregated portfolio, it will be immediately distributed to the investors in proportion to their holding in the segregated portfolio.
    - g. AMC should 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
    - h. 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.
  3. If the trustees do not approve the proposal to segregate portfolio, AMC will issue a press release immediately informing investors of the same.
  4. 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.

#### **Processing of Subscription and Redemption Proceeds:**

All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as under:

- 1) 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.
- 2) 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.

#### **TER for the Segregated Portfolio**

- 1) AMC will 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.
- 2) 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. In addition to the TER mentioned above, the legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio as mentioned below.
- 3) The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same

shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.

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

#### **Explanations:**

- 1) The term 'segregated portfolio' means a portfolio, comprising of debt or money market instrument affected by a credit event that has been segregated in a mutual fund scheme.
- 2) The term 'main portfolio' means the scheme portfolio excluding the segregated portfolio.
- 3) The term 'total portfolio' means the scheme portfolio including the securities affected by the credit event.

#### **Risks associated with segregated portfolio**

- 1) Investor holding units of segregated portfolio may not be able to liquidate their holding till the time recovery of money from the issuer.
- 2) Security comprises of segregated portfolio may not realise any value.
- 3) Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV.

#### **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. A statement of holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event shall be communicated to the investors within 5 working days of creation of the segregated portfolio.
- b. Adequate disclosure of the segregated portfolio shall appear in all scheme related documents, in monthly and half-yearly portfolio disclosures and in the annual report of the Mutual Fund and the Scheme.
- c. The Net Asset Value (NAV) of the segregated portfolio shall be declared on daily basis.
- d. The information regarding number of segregated portfolios created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC and AMFI websites, etc.
- e. The scheme performance required to be disclosed at various places shall include the impact of creation of segregated portfolio. The scheme performance shall 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.
- f. The disclosures at paragraph (d) and (e) above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/ written-off.
- g. The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

#### **Monitoring by Trustees:**

- a. In order to ensure timely recovery of investments of the segregated portfolio, trustees shall ensure that:
  - i. The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
  - ii. Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of

- the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.
- iii. An Action Taken Report (ATR) on the efforts made by the AMC to recover the investments of the segregated portfolio is placed in every trustee meeting till the investments are fully recovered/ written-off.
  - iv. The trustees shall monitor the compliance of this circular and disclose in the half-yearly trustee reports filed with SEBI, the compliance in respect of every segregated portfolio created.
- b. In order to avoid mis-use 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.

#### Illustration of Segregated Portfolio

Portfolio Date	31-Mar-19
Downgrade Event Date	31-Mar-19
Downgrade Security	7.65% C Ltd from AA+ to B
Valuation Marked Down	25%

Mr. X is holding 1000 Units of the Scheme, amounting to (1000\*15.0574) Rs.15057.40

#### Portfolio prior to downgrade on the date of Credit Event

Security	Rating	Type of the Security	Quantity	Price Per Unit	Market Value (Rs. In lacs)	% Net Assets
7.80% A FINANCE LTD	CRISIL AAA	NCD	3,200,000	102.812	3,289.98	20.1
7.70 % B LTD	CRISIL AAA	NCD	3,230,000	98.5139	3,182.00	20.1
7.65 % C Ltd	CRISIL AAA	NCD	3,200,000	98.457	3,150.62	19.8
D Ltd (15/May/2019)	ICRA A1+	CP	3,200,000	98.3641	3,147.65	19.8
7.65 % E LTD	CRISIL AA	NCD	3,000,000	98.6757	2,960.27	18.8
Cash / Cash Equivalents					114.47	0.7
Net Assets					15,845	
Unit Capital (no of units)					1,000	
NAV Per Unit					15.8450	

**Segregated Portfolio after segregation (before mark-down of security)**

Security	Rating	Type of the Security	Quantity	Price Per Unit	Market Value (Rs. In lacs)	% Net Assets
7.65 % C Ltd	CRISIL AAA	NCD	3,200,000	98.457	3,150.62	100.000

Net Assets	3,150.62
Unit Capital (no of units)	1,000
NAV Per Unit	3.1506

**Segregated Portfolio after segregation (after mark-down of security)\***

Security	Rating	Type of the Security	Quantity	Price Per Unit	Market Value (Rs. In lacs)	% Net Assets
7.65 % C Ltd	CRISIL AAA	NCD	3,200,000	73.843	2,362.98	100.000

Net Assets	2,362.98
Unit Capital (no of units)	1,000
NAV Per Unit	2.3630

**Main Portfolio after segregation**

Security	Rating	Type of the Security	Quantity	Price Per Unit	Market Value (Rs. In lacs)	% Net Assets
7.80% A FINANCE LTD	CRISIL AAA	NCD	3,200,000	102.812	3,289.98	25.917
7.70 % B LTD	CRISIL AAA	NCD	3,230,000	98.5139	3,182.00	25.066
D Ltd (15/May/2019)	ICRA A1+	CP	3,200,000	98.3641	3,147.65	24.796
7.65 % E LTD	CRISIL AA	NCD	3,000,000	98.6757	2,960.27	23.320
Cash / Cash Equivalents					114.47	0.902

Net Assets	12,694
Unit Capital (no of units)	1,000
NAV Per Unit	12.6944

\* On the date of credit event i.e. on 31st March 2019, NCD of C Ltd (7.65%) will be segregated as separate portfolio and further it is assumed to be marked down by 25% on the date post segregation, before marking down the security was valued at Rs.98.4570 per unit.

**Value of Holding of Mr. X after creation of Segregated Portfolio**

Particulars	Segregated Portfolio	Main Portfolio	Total Value
No of units	1000	1000	
NAV	2.3630	12.6944	
Total value	2363.00	12694.40	15057.40

### SECTION III. UNITS AND OFFER

This section provides details an investor needs to know for investing in the Scheme.

#### A. NEW FUND OFFER (NFO)

<b>New Fund Offer Period</b> (This is the period during which a new scheme sells its units to the investors.)	<p>Opens on: September 7, 2023 and Closes on: September 21, 2023</p> <p>As per SEBI circular SEBI/HO/IMD/IMD-RAC-2/P/CIR/2023/60 dated April 25, 2023, the NFO shall remain open for subscription for a minimum period of three working days. Further, as per Clause 1.10.1 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 the maximum number of days for which the NFO will be open shall be 15 days.</p> <p><b>Extension or Termination of NFO Period</b> In case the NFO Opening/ Closing Date is subsequently declared as a non-Business Day, the following Business Day will be deemed to be the NFO Opening/ Closing Date. The AMC/Trustee reserves the right to change the New Fund Offer Period, subject to the condition that the subscription list of the New Fund Offer Period shall not be kept open for more than 15 days. An addendum shall be uploaded on the AMC website i.e. <a href="http://www.dspim.com">www.dspim.com</a> notifying the change in the NFO Dates / Period.</p>
<b>NFO Price</b> (This is the price per unit that the investors have to pay to invest during the NFO.)	The corpus of the Scheme will be divided into Units having an initial value of Rs. 10/- each. The Units can be purchased at this price during the NFO period of the Scheme.
<b>Minimum Amount for Application in the NFO</b>	Rs. 100/-and any amount thereafter
<b>Minimum Target amount</b> (This is the minimum amount required to operate each Scheme and if this is not collected during the NFO period, all investors would be refunded the amount invested without any return. However, if the AMC fails to refund the amount within 5 business days from the closure of the NFO, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of fifth business day from the date of closure of the subscription period.)	The Mutual Fund seeks to collect a minimum subscription amount of Rs. 10 crore in the Scheme during the NFO period. In the event this amount is not raised during the NFO period, the amount collected under the Scheme will be refunded to the applicants as mentioned in the section, 'Refund'.

<p><b>Maximum Amount to be raised</b> (This is the maximum amount which can be collected during the NFO period, as decided by the AMC.)</p>	<p>There is no maximum subscription amount for the Scheme to be raised and therefore, subject to the applications being in accordance with the terms of this offer, full allotment will be made to the applicants. However, the Trustee/AMC retains the sole and absolute discretion to reject any application.</p>											
<p><b>Plans &amp; Options offered under the Scheme</b></p>	<table border="1" data-bbox="516 466 1448 932"> <thead> <tr> <th data-bbox="516 466 685 621">Plan</th> <th data-bbox="685 466 873 621">Options Available</th> <th data-bbox="873 466 1156 621">Sub-Option</th> <th data-bbox="1156 466 1448 621">Income Distribution cum Capital Withdrawal Frequency/Record Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="516 621 685 932">Regular Plan and Direct Plan</td> <td data-bbox="685 621 873 932">*Growth Income Distribution cum Capital Withdrawal (IDCW)</td> <td data-bbox="873 621 1156 932">- *Payout of Income Distribution cum Capital Withdrawal (IDCW) &amp; Reinvestment of Income Distribution cum Capital Withdrawal (IDCW)</td> <td data-bbox="1156 621 1448 932">- At the discretion of Trustee</td> </tr> </tbody> </table> <p data-bbox="516 932 701 961">*Default Option</p> <p data-bbox="516 995 1448 1087">Investors may note that under Income Distribution cum Capital Withdrawal options the amounts can be distributed out of investor’s capital (Equilization Reserve), which is part of sale price that represents realized gains.</p> <p data-bbox="516 1121 587 1150">Notes:</p> <ol data-bbox="516 1150 1448 1822" style="list-style-type: none"> <li>1. It should be noted that actual distribution of IDCW and the frequency of distribution indicated above are provisional and will be entirely at the discretion of the Trustees. The Trustee reserves the right to alter the Record Date as stated herein, at its discretion. To the extent the entire net income and realised gains are not distributed, the same will remain invested in the Scheme concerned and be reflected in the NAV.</li> <li>2. There is no assurance or guarantee to the Unit Holders as to the rate of IDCW distribution nor that IDCW will be regularly paid, though it is the intention of the Scheme to make IDCW distribution under the respective plan/options of the Scheme.</li> <li>3. An investor on record of the CAMS / Statement of Beneficiary Owners maintained by the Depositories for the purpose of IDCW distribution is an investor who is a Unit Holder/ Beneficial Owners as on the Record Date. In order to be a Unit Holder, an investor has to be allocated Units representing receipt of clear funds by the Scheme.</li> <li>4. Investors should indicate the Scheme / Plan and / or Option / Sub Option, wherever applicable, for which the subscription is made by mentioning the full name of Scheme/ Plan/ option or sub option in the appropriate space provided for this purpose in the application form. In case of valid applications received, without indicating the Scheme / Plan and / or Option etc. or where the details regarding Plan and/or Option are not clear or ambiguous, the following defaults will be applied:</li> </ol>				Plan	Options Available	Sub-Option	Income Distribution cum Capital Withdrawal Frequency/Record Date	Regular Plan and Direct Plan	*Growth Income Distribution cum Capital Withdrawal (IDCW)	- *Payout of Income Distribution cum Capital Withdrawal (IDCW) & Reinvestment of Income Distribution cum Capital Withdrawal (IDCW)	- At the discretion of Trustee
Plan	Options Available	Sub-Option	Income Distribution cum Capital Withdrawal Frequency/Record Date									
Regular Plan and Direct Plan	*Growth Income Distribution cum Capital Withdrawal (IDCW)	- *Payout of Income Distribution cum Capital Withdrawal (IDCW) & Reinvestment of Income Distribution cum Capital Withdrawal (IDCW)	- At the discretion of Trustee									

If no indication is given under the following	Default
Option - Growth/ Income Distribution cum Capital Withdrawal (IDCW)	Growth
Sub-option - Payout of Income Distribution cum Capital Withdrawal (IDCW)/ Reinvestment of Income Distribution cum Capital Withdrawal (IDCW)	Payout of Income Distribution cum Capital Withdrawal (IDCW)

In case an investor/Unit Holder fails to mention the plan and broker details in the application form, then the application shall be processed under respective option/sub-option under Direct Plan of the Scheme.

Processing of Application Form/Transaction Request: The below table summarizes the procedures which would be adopted while processing application form/transaction request by the AMC.

Sr. No.	AMFI Registration Number (ARN) Code/Direct/Blank as mentioned in the application form/ transaction request	Plan as selected in the application form/ transaction request	Transaction shall be processed and Units shall be allotted under
1	Not mentioned	Not mentioned	Direct Plan
2	Not mentioned	Direct	Direct Plan
3	Not mentioned	Regular	Direct Plan
4	Mentioned	Direct	Direct Plan
5	Direct	Not mentioned	Direct Plan
6	Direct	Regular	Direct Plan
7	Mentioned	Regular	Regular Plan
8	Mentioned	Not mentioned	Regular Plan

In cases of wrong/ invalid/ incomplete ARN codes mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load.

5. Any change in IDCW sub option due to additional investment or customer request will be applicable to all existing Units in the IDCW option of the Scheme concerned.
6. Investors shall note that once Units are allotted, AMC shall not entertain requests regarding change of Plan/Option, with a retrospective effect.
7. Applications not specifying Scheme/Plans/Options and/ or accompanied by cheque/demand drafts/account to account transfer instructions favouring Scheme/Plans/Options other than those specified in the application form are liable to be rejected.
8. 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.

	<p>9. IDCW payments shall be made to the Unit Holders within 7 Working Days from the record date for declaration of the IDCW.</p> <p>10. Investors should provide details/instructions only in the space provided in the form. 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 and the AMC will not be liable for the same.</p> <p>11. The AMC and its Registrar reserve the right to disclose the details of investors and their transactions to third parties viz. banks, distributors, Registered Investment Advisors from whom applications of investors are received and any other organization for the purpose of compliance with legal and regulatory requirements or for complying with anti- money laundering requirements.</p> <p>12. Returned cheques are liable not to be presented again for collection, and the accompanying application could also be rejected. In case returned cheques are presented, the necessary charges including returned charges may be debited to the investor.</p>
<p><b>IDCW Policy</b></p>	<p><b>1. Growth Option</b></p> <p>Under this option, the Mutual Fund will not declare any IDCW. The income earned by the Scheme will remain invested in the Scheme concerned and will be reflected in the NAV. This Option is suitable for investors who are not looking for current income but who have invested only with the intention of capital appreciation. Moreover, if Units under this Option are held as a capital asset for a period of greater than 12 months from the date of acquisition, Unit Holders should get the benefit of long term capital gains tax. Please refer the sub-section “A. Taxation on investing in Mutual Funds” under Section with respect to ‘Tax &amp; Legal &amp; General Information’ in the SAI.</p> <p><b>2. Income Distribution cum Capital Withdrawal option (IDCW)</b></p> <p>The above option is suited for investors seeking income through IDCW declared by the Scheme. Only Unit Holders opting for such option will receive IDCW. Under this option, the Scheme envisage declaring IDCW comprising substantially of net income and realized gains.</p> <p>The option stated in point (ii) above, in turn offer two sub- options i.e. “Payout of IDCW” or “Reinvestment of IDCW”.</p> <p><b>Payout of Income Distribution cum Capital Withdrawal option (IDCW)</b></p> <p>As per the SEBI (MF) Regulations, the Mutual Fund shall dispatch to the Unit Holders, IDCW warrants within 7 working days of the record date of IDCW. IDCW will be payable to those Unit Holders whose names appear in the Register of Unit Holders on the date (Record Date). IDCW will be paid by cheque, net of taxes as may be applicable. Unit Holders will also have the option of direct payment of IDCW to the bank account. The cheques will be drawn in the name of the sole/first holder and will be posted to the registered address of the sole/first holder as indicated in the original application form entirely at the risk of the unitholders. To safeguard the interest of Unit Holders from loss or theft of IDCW cheques, investors should provide the name of their bank, branch and account number in the application form. IDCW cheques will be sent to the Unit Holder after incorporating such information.</p>

	<p>If the IDCW amount payable (net of tax deducted at source, wherever applicable) under the IDCW Payout sub-option of the Scheme is for an amount equal to or less than (i) Rs. 100/- in the then such IDCW will compulsorily and automatically reinvested in the Scheme/Plan by issuing additional Units of the Scheme under Regular Plan/ Direct Plan at the Applicable NAV on the next Business day after the Record Date. There shall be no load on IDCW so reinvested.</p> <p><b>Reinvestment of IDCW</b></p> <p>Under this sub-option, IDCW will be reinvested by way of additional Units of the Scheme instead of being paid out. Such reinvestment will be at the applicable NAV on the next Business Day after the Record Date. There shall however, be no entry load/exit load, if any, on the IDCW so re-invested. The IDCW so reinvested shall be constructive payment of IDCW to the Unit Holders and constructive receipt of the same amount from each Unit Holder, for reinvestment in Units. The additional Units issued under this option and held as capital asset would get the benefit of long term capital gains if sold after being held for greater than 12 months. For this purpose, 12 months will be computed from the date when such additional Units are issued/allotted.</p> <p>Effect of IDCW: The NAV of the Unit Holders in IDCW Option will stand reduced by the amount of IDCW declared.</p> <p>On declaration of IDCW, the NAV of the respective IDCW Options will further stand reduced by the applicable statutory levy / surcharge/cess/ any other levy payable by the scheme in respect of separate category of investors if any. Notwithstanding varying rates of statutory levies, the ex- IDCW NAV will remain the same for all categories of investors in a particular option, though the amount of IDCW received by Unit Holders may vary depending on the category of each Unit Holder. For details on taxation of IDCW please refer the SAI.</p>
<p><b>Allotment</b></p>	<p>Allotment will be completed after due reconciliation of receipt of funds for all valid applications within 5 Business Days from the closure of the NFO period. Allotment to NRIs/FPs will be subject to RBI approval, if required. Subject to the SEBI (MF) Regulations, the Trustee may reject any application received in case the application is found invalid/incomplete or for any other reason in the Trustee's sole discretion. For investors who have given demat account details, the Units will be credited to the investor's demat account after due verification and confirmation from NSDL/CDSL of the demat account details.</p> <p>Clear funds should be available to the Fund One business day prior to the date of allotment in respect of all purchase applications received during the NFO period. All cases where clear funds have not been identified or not received One business day prior to the date of allotment for whatsoever reasons, including technical clearing reasons, will not be considered for allotment and the amount will be refunded to the investor in due course. The AMC will not entertain any claims of allotment or compensation in such cases.</p> <p>An applicant in a scheme whose application has been accepted shall have the option either to receive the statement of accounts or to hold the units in dematerialised form and the AMC 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</p>

	<p>days from the date of closure of the initial subscription list or from the date of receipt of the application.</p> <p>Allotment confirmation specifying the number of Units allotted will be sent to each Unit Holder who has not provided his demat account details in the application form for subscription during the NFO at their registered e-mail address and/or mobile number by way of email and/or SMS within 5 Business Days from the close of the NFO period of the Scheme.</p> <p>For investors who have given demat account details at the time of NFO, the Units issued by the AMC shall be credited by the Registrar to the investors' beneficiary account with the DP as per information provided in the application form and information of allotment will be accordingly sent by the Registrar.</p> <p>The Mutual Fund reserves the right to recover from an investor any loss caused to the Scheme on account of dishonour of cheques issued by him/her/it for purchase of Units.</p> <p><u>Allotment confirmation</u></p> <p>Information about allotment of Units stating the number of Units allotted shall be sent within 5 Business Days from the close of the NFO Period of the Scheme.</p> <p>Allotment confirmation specifying the number of Units allotted shall be sent to the Unit holders at their registered e-mail address and/or mobile number by way of email and/or SMS within 5 Business Days from the date of receipt of transaction request.</p> <p>Where investor desires to hold units in dematerialised form, demat statement shall be provided by the depository participant in such form and in such manner and at such time as provided in the agreement with the beneficial owner. The Statement provided by the depository participant will be equivalent to an account statement, and no further statement shall be issued by the mutual fund.</p>
<b>Refund</b>	<p>If the Scheme fail to collect the minimum subscription amount of Rs. 10 Crore, the Mutual Fund shall be liable to refund the money to the applicants.</p> <p>Refund of subscription money to applicants whose applications are invalid for any reason whatsoever, will commence immediately after the closure of the NFO subject to receipt of funds.</p> <p>Refunds will be completed within 5 Business Days from the closure of the New Fund Offer Period. If the Mutual Fund refunds the amount after 5 Business Days, interest as specified by SEBI (currently, 15% per annum) shall be paid by the AMC. All applications and/or refunds that are rejected for any reason whatsoever will be returned through instruments or payment channels such as RTGS, NEFT, IMPS, direct credit, etc. or any other mode allowed by Reserve Bank of India from time to time, for payments including refunds to unitholders in form of the cheque, demand draft. As per the directives issued by SEBI, it is mandatory for Applicants to mention their bank account numbers in their applications for purchase of Units. Further, AMCs may also use modes of despatch such as speed post, courier etc. for payments including refunds to unitholders in addition to the registered post along with due acknowledgement.</p>

<p><b>Who can invest?</b> (This is an indicative list and investors are requested to consult their financial advisors to ascertain whether the Scheme is suitable to their risk profile.)</p>	<p>The following persons (subject to, wherever relevant, purchase of units of mutual funds being permitted under respective constitutions and relevant statutory regulations) are eligible and may apply for subscription to the Units of the Scheme:</p> <ul style="list-style-type: none"> <li>- Indian Resident Adult Individuals either singly or jointly (not exceeding three)</li> <li>- Minors through parent/legal guardian</li> <li>- Companies, Bodies Corporate, Public Sector Undertakings, association of persons or bodies of individuals whether incorporated or not and societies registered under the Societies Registration Act, 1860 (so long as the purchase of Units is permitted under the respective constitutions)</li> <li>- Religious, Charitable and Private Trusts, under the provisions of 11(5) of Income Tax Act, 1961 read with Rule 17C of Income Tax Rules, 1962 (subject to receipt of necessary approvals as “Public Securities”, where required)</li> <li>- Trustee of private trusts authorised to invest in mutual fund Scheme under the Trust Deed</li> <li>- Partnership Firms and Limited Liability Partnerships (LLPs)</li> <li>- Karta of Hindu Undivided Family (HUF)</li> <li>- Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions</li> <li>- NRIs/Persons of Indian origin residing abroad on full repatriation basis (subject to RBI approval, if any) or on non-repatriation basis</li> <li>- Army, Air Force, Navy and other para-military units and bodies created by such institutions</li> <li>- Scientific and Industrial Research Organisations</li> <li>- International Multilateral Agencies approved by the Government of India</li> <li>- Non-Government Provident/Pension/Gratuity funds as and when permitted to invest</li> <li>- Others who are permitted to invest in the Scheme as per their respective constitutions</li> <li>- Mutual Funds registered under the SEBI (Mutual Funds) Regulations, 1996</li> <li>- A Scheme of the DSP Mutual Fund, subject to the conditions and limits prescribed in SEBI (MF) Regulations and/or by the Trustee, AMC or Sponsors (The AMC shall not charge any fees on such investments).</li> <li>- The AMC (No fees shall be charged on such investments).</li> <li>- All category of investors (whether existing or new) as permitted above are eligible to subscribe under Direct Plan. Investments under the Direct Plan can be made through various mode offered by the Fund for investing directly in the Fund.</li> </ul> <p>Note: For Investments ‘On behalf of Minor’: Where the investment is on behalf of minor by the guardian, please note the following important points.</p> <ol style="list-style-type: none"> <li>a. The minor shall be the sole and only first holder in the account. Nomination facility is not available for applications/ folios on behalf of a minor. Joint holders’ details and nomination details, even if mentioned and signed will not be considered.</li> <li>b. Guardian of the minor should either be a natural guardian (i.e. father or mother) or a court appointed legal guardian.</li> <li>c. Details like minor’s date of birth, Guardian’s relation with Minor, Guardian name, PAN, KYC are mandatory, along with supporting documents. Photo copy of the document evidencing the date of birth of minor like <ul style="list-style-type: none"> <li>- Birth certificate of the minor, or</li> </ul> </li> </ol>
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- School leaving certificate / Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE etc., or
  - Passport of the minor, or
  - Any other suitable proof should be attached with the application form.
- d. Where the guardian is not a natural guardian (father or mother) and is a court appointed legal guardian, suitable supporting documentary evidence should be provided.
  - e. If the mandatory details and/or documents are not provided, the application is liable to be rejected without any information to the applicant.
  - f. Payment towards subscription/investment through any mode in units of the schemes of Fund shall be accepted from the bank account of the minor, bank account of the parent or legal guardian of the minor, or from a joint bank account of the minor with parent or legal guardian.
  - g. All redemption proceeds shall be credited only in the verified bank account of the minor or a joint bank account of the minor with the parent or legal guardian after completing all KYC formalities.

A minor Unit Holder, on becoming major, may inform the Registrar about attaining majority, and provide his specimen signature duly authenticated by his banker as well as his details of bank account and a certified true copy of the PAN card, KYC details and such other details as may be asked by AMC from time to time to enable the Registrar to update records and allow the minor turned major to operate the account in his own right.

Further, all other requirement for investments by minor and process of transmission shall be followed in line with Clause 17.6 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 read with SEBI Circular dated May 12, 2023 as amended from time to time.

Aggregate investment in the scheme under the following categories:

Sr. no.	Category	Total amount invested as on ____ (Amt in crores)
1	AMC's Board of Directors*	Not applicable
2	Concerned scheme's Fund Manager(s) and	
3	Other key managerial personnel	

The above investment indicates details of investment where the said Director/personnel is the first holder.

\*Investments made by Mr. Kalpen Parekh (Managing Director and Chief Executive officer, DSP Asset Managers Private Limited) and Ms. Aditi Kothari Desai (Director and Head- Digital, Marketing, Strategy & New Initiatives, DSP Asset Managers Private Limited) have been considered under the category of AMC's Board of Directors.

**Applicability and provisions of Foreign Account Compliance Act (FATCA)**

For further details relating to FATCA, investors are requested to refer SAI which is available on the website viz. [www.dspim.com](http://www.dspim.com)

**Non-acceptance of subscriptions from U.S. Persons and Residents of Canada in the Scheme**

	<p>United States Person (U.S. Person), corporations and other entities organized under the applicable laws of the U.S. and Residents of Canada as defined under the applicable laws of Canada should not invest in units of any of the Schemes of the Fund and should note the following:</p> <ul style="list-style-type: none"> <li>- No fresh purchases /additional purchases/switches in any Schemes of the Fund would be allowed. However, existing Unit Holder(s) will be allowed to redeem their units from the Schemes of the Fund. If an existing Unit Holder(s) subsequently becomes a U.S. Person or Resident of Canada, then such Unit Holder(s) will not be able to purchase any additional Units in any of the Scheme of the Fund.</li> </ul> <p>However, subscription (including systematic investments) and switch transactions requests received from U.S. persons who are Non-resident Indians (NRIs) /Persons of Indian origin (PIO) and at the time of such investment, are present in India and submit a physical transaction request along with such documents as may be prescribed by the AMC/ Trustee Company from time to time shall be accepted.</p> <p>The AMC shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the AMC/ Trustee Company. The investor shall be responsible for complying with all the applicable laws for such investments. The AMC reserves the right to reject the transaction request or redeem with applicable exit load and TDS or 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.</p> <ul style="list-style-type: none"> <li>- For transaction from Stock Exchange platform, while transferring units from the broker account to investor account, if the investor has U.S./Canadian address then the transactions, subject to the abovementioned conditions, may be rejected.</li> <li>- In case the AMC/Fund subsequently identifies that the subscription amount is received from U.S. Person(s) or Resident(s) of Canada, in that case the AMC/Fund at its discretion shall redeem all the units held by such person from the Scheme of the Fund at applicable Net Asset Value.</li> </ul>
<p><b>Where can you submit filled up applications ?</b></p>	<p>Applications can be submitted at any of the official points of acceptance of transactions before the close of the office business hours. The addresses are given at the end of this SID. Investors can log on to <a href="http://www.camsonline.com">www.camsonline.com</a> for details of various offices/ISCs of Registrar.</p> <p>Stock brokers registered with recognized stock exchanges and empanelled with the AMC shall also be considered as official points of acceptance of transactions. Please refer to 'Trading in Units through Stock Exchange mechanism' under 'A. New Fund Offer Details', for detailed provisions.</p> <p>ASBA applications can be submitted only at SCSB at their designated branches. List of SCSBs and their designated branches shall be displayed on the SEBI's website (<a href="http://www.sebi.gov.in">www.sebi.gov.in</a>).</p>
<p><b>How to Apply?</b></p>	<p>Please refer to the SAI and application form for instructions.</p>

	<p>Investors intending to trade in Units of the Scheme, will be required to provide demat account details in the application form, as mentioned under 'Dematerialisation'.</p> <p>Investors intending to apply through ASBA will be required to submit ASBA form to their respective banks, which in turn will block the amount in their account as per authority contained in the ASBA form. ASBA form should not be submitted at location other than SCSB as it will not be processed. For details on ASBA process please refer the ASBA application form.</p> <p>Application form and Key Information Memorandum may be obtained from Official Points of Acceptance (OPAs) / Investor Service Centres (ISCs) of the AMC or RTA or Distributors or can be downloaded from our website <a href="http://www.dspim.com">www.dspim.com</a>.</p> <p>The list of the OPA / ISC are available on our website as well. Please refer to the SAI and Application form for further details and the instructions.</p>
<p><b>Listing and Transfer of Units</b></p>	<p>The Scheme is open ended and the Units are not proposed to be listed on any stock exchange. However, the Mutual Fund may, at its sole discretion, list the Units on one or more Stock Exchanges at a later date, and thereupon the Mutual Fund will make suitable public announcement to that effect.</p> <p>The Mutual Fund will offer and redeem the Units on a continuous basis during the Continuous Offer Period.</p> <p>The Unit holders are given an option to hold the Units by way of an Account Statement (physical form) or in Dematerialized (demat form). Transfer of Units is possible in Demat and as well as in non-demat.</p> <p>Units held in Demat form are transferable (subject to lock-in period, if any and subject to lien, if any marked on the units) in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 2018, as may be amended from time to time. Transfer can be made only in favor of transferees who are capable of holding Units and having a Demat Account. The delivery instructions for transfer of Units will have to be lodged with the DP in requisite form 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 mode. Further, for the procedure of release of lien, the investors shall contact their respective DP.</p> <p>However, if a person becomes a holder of the Units consequent to operation of law or upon enforcement of a pledge, the Mutual Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death, insolvency etc., the transferee's name will be recorded by the Mutual Fund subject to production of satisfactory evidence.</p>
<p><b>Special facilities available during the NFO</b></p>	<p><b>Switching</b></p> <p>During the NFO period (switch request will be accepted upto 3.00 p.m. on the last day of the NFO), the Unit holders will be able to invest into the NFO of the Scheme by switching part or all of their Unit holdings held in the existing schemes of the Mutual Fund.</p>

	<p>A switch has the effect of redemption from one scheme/plan/ option and a purchase in the other scheme/plan/option to which the switching has been done. The price at which the units will be switched-out will be based on the redemption price of the scheme from which switch-out is done and the proceeds will be invested into the Scheme at the NFO Price.</p> <p>Unit holders are requested to note that application for switch-out for units for which funds are not realized via purchase or switch-in in the scheme of the Fund shall be liable to be rejected. In other, switch out of units will be processed only if the funds for such units are realized in the scheme by a way of payment instructions/ transfer or switch-in funding process.</p> <p>Further, all switch funding shall be in line with redemption funding timelines adopted by the concerned scheme i.e. if a scheme follows T+3 payout for redemption, the switch out funding should also be made on the T+3 and not earlier or later than T+3, where T is the day of transaction. The funds from the switch out schemes into the switch in scheme should be received within One business day prior to the allotment date.</p> <p>If the NFO of the scheme is called off for any reason whatsoever, the Switch Out amount from other schemes to the NFO scheme will be paid to the investor within 5 Business Days of the closure of the NFO, similar to a redemption from Switch out scheme. Investors should note that the Switch transaction will not be nullified and the switch amount will be paid out as redemption. Further, such payments will not qualify as delayed payments and no interest will be payable by the Fund/AMC/RTA in such cases where the payment date is beyond 10 days of the switch out date, as the switch transactions are accepted from the first day of the entire NFO period and the NFO may be called off after the closure of NFO</p> <p><b>Systematic Investment Plan (SIP)</b></p> <p>Investors can, during the NFO, benefit by investing Rupee amounts periodically for a continuous period through SIP. SIP allows investors to invest a fixed amount of Rupees on daily basis or on specific dates every month or quarter by purchasing Units of the Scheme at the Purchase Price prevailing at such time.</p> <p>Investors can enroll themselves for SIP (minimum 12 installments) by ticking the appropriate box in the application form and filling up the relevant SIP form specifying the amount, period and SIP date. The detailed terms and conditions are mentioned in the SIP Auto Debit Form. SIP through post-dated cheques will not be accepted during NFO.</p> <p><b>Applications Supported by Blocked Amount (ASBA) facility</b></p> <p>ASBA facility will be provided to the investors subscribing to NFO of the Scheme. It shall co-exist with the existing process, wherein cheques/ demand drafts are used as a mode of payment. Please refer ASBA application form for detailed instructions. Please refer the SAI and ASBA application form for complete details on ASBA.</p>
<p>The policy regarding reissue of repurchased units, including the</p>	<p>Not Applicable.</p>

<p>maximum extent, the manner of reissue, the entity (the Scheme or the AMC) involved in the same.</p>	
<p>Restrictions, if any, on the right to freely retain or dispose off units being offered.</p>	<p>In the event of an order being received from any regulatory authority/body, directing attachment of the Units of any investor, redemption of Units will be restricted in due compliance of such order.</p>
<p><b>Dematerialisation</b></p>	<p>Investors subscribing for the Units (other than by way of switch-in) may opt to hold Units in dematerialized mode by filling and providing details of their demat account in the specified application form. Units shall be allotted in physical form by default, unless the investors intimate their intention of holding Units in demat form by filling in the specified application form. This option shall be available in accordance with the provisions laid under the respective scheme(s) and in terms of guidelines/procedural requirements as laid by the depositories (NSDL/CDSL) from time to time.</p> <p>Investors intending to hold the Units in Demat form are required to have a beneficiary account with the Depository Participant (DP) registered with NSDL/CDSL and will be required to indicate in the specified application form, the DP's name, DP ID number and the beneficiary account number of the Unit holder with the DP. In case the Demat account details are not provided or the details are incomplete or the details do not match with the records as per Depository(ies), Units will be allotted in physical form. The sequence of names/pattern of holding as mentioned in the application form must be same as that in the demat account. Units shall be credited to the investors' demat account only after the funds are credited into the Mutual Fund's scheme(s) account to the satisfaction of the AMC.</p> <p>In case of credit of Units to depository account, applicants' details like the mode of holding, bank account, correspondence address, payment bank, nomination etc. will be considered as appearing in the depository account for various purposes. For any subsequent change in static information like address, bank details, nomination etc. investors should approach their respective depository.</p> <p>If the demat account details do not match with applicants' name and order, units will be allotted the in physical form. Bank details in such cases shall be captured from the payment instrument provided by the investor.</p> <p>In case, the Unit holder desires to hold the Units in a Dematerialized/Rematerialized form at a later date, the request for conversion of units held in non-demat form into Demat (electronic) form or vice-versa should be submitted along with a Demat/Remat Request Form to their Depository Participants. Rematerialization of Units will be in accordance with the provisions of SEBI (Depositories &amp; Participants) Regulations, 2018 as may be amended from time.</p> <p>Units held in demat form will be transferable subject to the provisions laid under the respective Scheme(s)/Plan(s) and in accordance with provisions of Depositories Act, 2018 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as may be amended from time to time.</p>

	<p>The asset management company shall issue units in dematerialized form to a unit holder in a scheme within two working days of the receipt of request from the unit holder.</p>
<p><b>Trading in Units through Stock Exchange Mechanism</b></p>	<p>The facility of transacting through the stock exchange mechanism enables investors to buy and sell the Units of the Scheme(s) through the stock brokers registered with the BSE, NSE or such other recognized stock exchange in this regard in accordance with the guidelines issued by SEBI and operating guidelines and directives issued by NSE, BSE and/or such other recognized stock exchange in this regard and agreed with the Asset Management Company/Registrar and Transfer Agent. The investor shall be serviced directly by such stock brokers/ Depository Participant. The Mutual Fund will not be in a position to accept any request for transactions or service requests in respect of Units bought under this facility in demat mode. This facility will be offered to investors who wish to hold Units in dematerialized form or in physical mode. Further, the minimum purchase/ redemption amount in the respective plan / option of such notified Schemes of the Fund will be applicable for each transaction. This facility will currently not support transactions done through switches or facilities such as SWP and STP. In case of non-financial requests/applications such as change of address, change of bank details, etc., investors should approach the respective Depository Participant(s).</p> <p>Unit holders may have/open a beneficiary account with a Depository Participant of a Depository and choose to hold the Units in dematerialized mode. The Unit holders have the option to dematerialize the Units as per the account statement sent by the Registrar by making an application to the AMC/registrar for this purpose by making an application to their DP for this purpose.</p> <p>Rematerialization of Units can be carried out in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 2018 as may be amended from time to time. Investors, who wish to get back their securities in physical form, may request their respective Depository Participant for rematerialization of Units in their beneficiary accounts. The Depository Participant will generate a rematerialization request number and the request will be dispatched to the AMC/ Registrar. On acceptance of request from the Depository Participant, the AMC/Registrar will dispatch the account statement to the investor and will also send confirmation to the Depository participant.</p> <p>Transactions conducted through the Stock Exchange mechanism shall be governed by the SEBI (Mutual Funds) Regulations 1996 and operating guidelines and directives issued by NSE, BSE, or such other recognized exchange in this regard.</p> <p>Further, in line with SEBI circular No. SEBI/HO/MRD1/DSAP/CIR/P/2020/29 dated February 26, 2020 as amended from time to time, investors can directly buy/redeem units of the Scheme through stock exchange platform.</p>
<p><b>Payment details</b></p>	<p>The cheque or demand draft should be drawn in favour of the 'Scheme Name', as the case may be, and should be crossed Account Payee Only.</p> <p>Applications not specifying Schemes/Plans/Options and/or accompanied by cheque/demand drafts/account to account transfer instructions favouring</p>

	<p>Schemes/Plans/Options other than those specified in the application form are liable to be rejected.</p> <p>Further, 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.</p>
<p><b>Facility to transact in units of the Schemes through MF Utility portal &amp; MFUI Points of Services pursuant to appointment of MF Utilities India Pvt. Ltd.</b></p>	<p>The AMC has entered into an Agreement with MF Utilities India Pvt. Ltd.(MFUI), 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.</p> <p>Investors can execute financial and non-financial transactions pertaining to Schemes of the Fund electronically on the MFU portal i.e. <a href="http://www.mfuonline.com">www.mfuonline.com</a> as and when such a facility is made available by MFUI. The MFU portal i.e. <a href="http://www.mfuonline.com">www.mfuonline.com</a> will be considered as Official Point of Acceptance for such transactions.</p> <p>The Points of Service (“POS”) of MFUI with effect from the respective dates as published on MFUI website i.e. <a href="http://www.mfuindia.com">www.mfuindia.com</a> against the POS locations will be considered as Official Point of Acceptance/ Investor Services Centre where application for financial transactions in schemes of the Fund will be accepted on an ongoing basis. Further, investors can also submit their non-financial transaction requests at the POS.</p> <p>The salient features of the facility to transact in units of the Schemes through MFU are given below:</p> <ol style="list-style-type: none"> <li>1. Common Account Number (“CAN”): Investors are required to submit duly filled in CAN Registration Form (“CRF”) and prescribed documents at the MFUI POS to obtain CAN. The CRF can be downloaded from MFUI website i.e. <a href="http://www.mfuindia.com">www.mfuindia.com</a> or can be obtained from MFUI POS.</li> </ol> <p>CAN is 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 investments, if any.</p> <p>MFU will map the existing folios of investors in various schemes of Mutual Funds to the CAN to enable transacting across schemes of Mutual Funds through MFU. The AMC and / or its Registrar and Transfer Agent (RTA) shall provide necessary details to MFUI as may be needed for providing the required services to investors / distributors through MFU.</p> <p>CAN registered investors can transact in physical mode through MFUI POS by submitting relevant Common Transaction Form prescribed by MFUI.</p> <ol style="list-style-type: none"> <li>2. CAN registered investors can transact through electronic mode through MFU portal i.e. <a href="http://www.mfuonline.com">www.mfuonline.com</a> as and when such a facility is made available to them by MFUI. The time of transaction submission done through MFU portal i.e. <a href="http://www.mfuonline.com">www.mfuonline.com</a> and the successful receipt of the same in the servers of MFUI would be the time-stamp for the transaction.</li> <li>3. Investors not registered with MFUI can also submit their financial &amp; non-financial transactions request at MFUI POS by giving reference of their existing folio number allotted by the Fund.</li> </ol>

	<p>4. The transactions on the MFU portal shall be subject to the terms &amp; conditions as may be stipulated by MFUI / Mutual Fund / the AMC from time to time.</p> <p>All other terms and conditions of offering of the Scheme as specified in the SID, KIM and SAI shall be applicable to transaction through MFUI.</p>
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## B. ONGOING OFFER DETAILS

### Ongoing/Continuous Offer Period

(This is the date from which the Scheme will reopen for subscriptions/redemptions after the closure of the NFO period)

The Scheme will reopen for subscription/redemption within 5 Business Days from the date of allotment.

#### 1. Plans and Options offered under the Scheme

Plan	Options Available	Sub-Option	IDCW Frequency/Record Date
Regular Plan and Direct Plan	Growth	-	-
	Income Distribution cum Capital Withdrawal ('IDCW')	Payout of Income Distribution cum Capital Withdrawal ('IDCW') & Reinvestment of Income Distribution cum Capital Withdrawal ('IDCW')	At the discretion of Trustee

Investors may note that under Income Distribution cum Capital Withdrawal options the amounts can be distributed out of investor's capital (Equalization Reserve), which is part of sale price that represents realized gains.

#### 2. Ongoing price for subscription (Purchase Price)/switch-in from other schemes/ plans) by investors

(This is the price you need to pay for purchase/switch-in)

The Purchase Price of the Units on an ongoing basis will be calculated as described below, which is based on the Applicable NAV

Purchase Price = Applicable NAV

Illustration:

Say, Applicable NAV = Rs. 12/-

Therefore, Purchase Price = Rs.12/-

#### 3. Ongoing price for redemption (sale) /switch outs (to other Schemes/plans of the Mutual Fund)/ intra-Plan switching by investors (Redemption Price) (This is the price you will receive for redemptions/switch outs)

The Redemption Price of the Units will be calculated on the basis of the Applicable NAV subject to prevailing Exit Load, if any. In the case of Scheme which currently have no Exit Load, the Redemption Price will be the Applicable NAV. In the case of Scheme having an Exit Load or in which an Exit Load is introduced, the Redemption Price will be calculated as under: Redemption Price = Applicable NAV x (1 - Exit Load)

Illustration:

Say, Applicable NAV = Rs. 12.0000 and the Exit Load is 0.50%,  
Redemption Price =  $12 \times (1 - 0.005) = \text{Rs. } 11.9400$ .

Investors may note that the Trustee has the right to modify the existing Load Structure in any manner or introduce an Exit Load or a combination of Exit Load and/or any other Load subject to a maximum as prescribed under the SEBI (MF) Regulations. Should the Trustee on any date, impose or enhance any load, such imposition or enhancement shall be applicable on prospective investment only.

While determining the price of the units, the mutual fund shall ensure that the repurchase price of scheme is not lower than 95 per cent of the Net Asset Value as provided under SEBI (MF) Regulations.

For details on load structure please see, Section 'Fees and Expenses, C. Load Structure.'

#### 4. Applicable NAV and Cut-off time for subscriptions/ redemptions/ switches

Applicable NAV is the Net Asset Value per Unit at the close of the Business Day on which a valid application is accepted and time stamped. An application will be considered accepted on a Business Day, subject to it being complete in all respects and received and time stamped upto the relevant cut-off time as specified below, at any of the official points of acceptance of transactions. Applications received via post or courier at any of the centres will be accepted on the basis of when the application is time stamped by the centre and not on the basis of date and time of receipt of the post or the courier.

In accordance with Clause 8.4.6.2 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, in respect of purchase of units of mutual fund schemes (except liquid and overnight schemes), closing NAV of the day shall be applicable on which the funds are available for utilization irrespective of the size and time of receipt of such application.

Pursuant to above, the NAV applicability for purchase/switch-in/ subscription in the Scheme will be subject to following clauses:

1. Application for purchase/subscription/switch-in is received before the applicable cut-off time on a Business Day.
2. Funds for the entire amount of purchase/subscription/switch-in as per the application is credited before the cut-off time to the bank account of the Scheme in which subscription is made.
3. The funds are available for utilization before the cut-off time the Scheme.

<b>(a) Purchase and Switch-in</b>	
<b>Particulars</b>	<b>Applicable NAV</b>
Where the valid application is received upto cut-off time of 3.00 p.m. on a business day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase are available for utilization upto 3.00 p.m. on the same Business Day.	Closing NAV of same Business Day shall be applicable
Where the valid application is received upto cut-off time of 3.00 p.m. on a business day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase are available for utilization after 3.00 p.m. on the same Business Day or on any subsequent Business Day	Closing NAV of such subsequent Business Day on which the funds are available for utilization prior to 3.00 p.m.
Where the valid application is received after cut-off time of 3.00 p.m. on a business day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase/switch-in are available for utilization upto 3.00 p.m. on the same Business Day.	Closing NAV of subsequent Business Day shall be applicable
<b>(b) Redemption and Switch-out</b>	

Particulars	Applicable NAV
Where the application is received on any Business Day at the official points of acceptance of transactions upto 3.00 p.m.	NAV of the same day
Where the application is received after 3.00 p.m.	NAV of the next Business Day.

Transaction through online facilities/ electronic mode: The time of transaction done through various online facilities/electronic modes offered by the AMC, for the purpose of determining the applicability of NAV, would be the time when the request of purchase/sale/switch of units is received in the servers of AMC/RTA as per terms and conditions of such facilities.

With respect to investors who transact through the stock exchange, Applicable NAV shall be reckoned on the basis of the time stamping as evidenced by confirmation slip given by stock exchange mechanism.

Applicable Net Asset Value in case of Multiple applications/transactions received under all open-ended Schemes of the Fund: All transactions as per conditions mentioned below shall be aggregated and closing NAV of the day on which funds for respective transaction (irrespective of source of funds) are available for utilization.

- 1) All transactions received on same Business Day (as per cut-off timing and Time stamping rule).
- 2) Aggregation of transactions shall be applicable to the Scheme.
- 3) Transactions shall include purchases, additional purchases and exclude Switches, SIP/STP and trigger transactions.
- 4) Aggregation of transactions shall be done on the basis of investor/s/Unit Holder/s Permanent Account Number (PAN). In case of joint holding in folios, transactions with similar holding pattern will be aggregated. The principle followed for such aggregation will be similar as applied for compilation of Consolidated Account Statement (CAS).
- 5) All transactions will be aggregated where investor holding pattern is same as stated in point no.4 above.
- 6) Only transactions in the same Scheme of the Fund shall be clubbed. It will include transactions at Plans/Options level (i.e. Regular Plan, Direct Plan, IDCW Option, Growth Option, etc).
- 7) Transactions in the name of minor received through guardian will not be aggregated with the transaction in the name of same guardian. However, two or more transactions in folios of a minor received through same guardian will be considered for aggregation.
- 8) In the case funds are received on separate days and are available for utilization on different business days before the cut off time, the applicable NAV shall be of the Business day/s on which the cleared funds are available for utilization for the respective application amount.
- 9) Irrespective the date and time of debit to the customer bank accounts, the date and time of actual credit in the Scheme's bank account, which could be different due settlement cycle in the banking industry, would be considered for applicability of NAV.
- 10) Investors are advised to make use of digital/electronic payment to transfer the funds to the Scheme's bank account.

#### **For Switching:**

Where there is a switch application from one scheme to another, 'Switch out' shall be treated as redemption in one scheme and the Applicable NAV based on the cut off time for redemption and payout rules shall be applied. Similarly, the 'switch in' shall be treated as purchase and the Applicable NAV based on the cut off time for purchase and realization of funds by the 'switch in' scheme related rules shall be applied.

Where an application is received and time stamping is done after the cut-off time, the request will be deemed to have been received on the next Business Day.

#### **5. Investment By the AMC**

In terms of sub-regulation 16(A) in Regulation 25 of SEBI (Mutual Funds) Regulations, 1996 read along with AMFI Best Practice Guidelines Circular No.100 /2022-23 dated April 26, 2022 and Clause 6.9 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 on 'Alignment of interest of AMCs with the Unitholders of the Mutual Fund schemes', 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 the SEBI from time to time.

#### 6. Where can the applications for purchase/redemption switches be submitted?

Applications can be submitted at any of the official points of acceptance of transactions, the addresses of which are given at the end of this SID and updated list is available on the website of the Fund and the registrar. Investors can log on to [www.camsonline.com](http://www.camsonline.com) for details of various offices/ISCs of Registrar.

Stock brokers registered with recognized stock exchange and empaneled with the AMC shall also be considered as 'official point of Acceptance of Transaction'.

#### 7. Minimum amount for Purchase/Redemption/Switches

First Purchase and Subsequent Purchase	Rs. 100/- and any amount thereafter Note: The minimum application amount will not be applicable for investment made in schemes in line with SEBI circulars on Alignment of interest of Designated Employees of AMC.
SIP Purchase	Rs. 100/- and multiples of Re. 1/- thereafter
Minimum amount for Redemption*	N.A.

\*In case of Units held in dematerialized mode, the redemption request can be given only with DPs or on Stock exchange Platform and only in number of Units.

#### 8. Minimum balance to be maintained and consequences of non -maintenance

Not applicable.

#### 9. Special facilities available

For general terms and conditions and more information, Unit holder(s) are requested to read Terms and Conditions available on [www.dspim.com](http://www.dspim.com)

##### i. Systematic Investment Plan (SIP)

Investors can benefit by investing specific Rupee amounts periodically, for a continuous period through SIP. SIP allows investors to invest a fixed amount of Rupees on specific dates every month or quarter by purchasing Units of a Scheme at the Purchase Price prevailing at such time. Investors can enroll themselves for SIP in the Scheme by ticking the appropriate box in the application form and filling up the relevant SIP form.

Units will be allotted at the applicable NAV as on the SIP Date opted for by the investor. Where such SIP Date is not a Business Day, Units will be allotted at the applicable NAV of the immediately succeeding Business Day.

The AMC may change the terms and conditions for SIP from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from any of the offices of the AMC, before investing same is available on [www.dspim.com](http://www.dspim.com).

Daily SIP facility-

Under Daily SIP, the Unit Holder can invest a fixed amount into the scheme on a daily basis. The minimum amount under Daily SIP facility shall be Rs 100/- and in multiples of Re 1/- thereof. The minimum instalment for Daily SIP facility shall be 12 instalments. Daily SIP instalment shall be processed only when it is a Business Day for the scheme. If end date is not specified or is opted as 'Perpetual', Daily SIP will be registered till December 2099 or end date of mandate/tenure of the scheme, whichever is earlier. It is to be noted that though the SIP frequency is daily, allotment of units are subject to realization of credit in the scheme.

#### SIP TOP-UP facility-

SIP Top-Up facility provides flexibility to the investors to increase the SIP installment over the tenure of the SIP. SIP Top-Up facility will be available under Scheme offering SIP facility. SIP Top-Up frequency in case of investors availing Daily SIP facility will be half yearly/yearly. SIP Top-Up frequency in case of investors availing Monthly SIP facility will be half yearly and yearly. SIP Top-Up frequency in case of investors availing Quarterly SIP facility will be yearly. The minimum Top-Up amount shall be Rs. 100/- and in multiples of Re 1/- thereof. In case the SIP Top-Up frequency is not indicated under Daily / Monthly SIP, it will be considered as yearly interval.

The AMC may change the terms and conditions for SIP TOP- UP facility from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from any of the offices of the AMC, before investing same is available on [www.dspim.com](http://www.dspim.com).

#### SIP Pause Facility-

Under the SIP Pause Facility ('Facility'), the investor can stop the running SIP for certain period and Restart the SIP again (at a folio level) by filling up a designated Change Request Form.

The detailed terms and conditions for availing the Facility are as follows:

- Investors who wish to Pause their SIP instalments debit for a certain period can fill in the "SIP Pause" section. Separate form should be filled for each SIP registration.
- SIP Pause can be for a minimum period of 1 month to a maximum period of 6 months.
- SIP Pause request should be submitted 15 days before the next SIP instalment date.
- The SIP instalment debit will re-start in the month/quarter following the SIP Pause end month.
- SIP pause applications are liable to be rejected in case the details are not proper and clear or in case of incomplete details, non-clarity or ambiguity.
- If the Pause period is coinciding with the Top-Up facility, the SIP instalment amount post completion of Pause period would be inclusive of Top-Up amounts falling during that Top-Up cycle;
- It is possible that the investors' Bank does not stop the SIP debits on the instalment date or delays the processing of the SIP Pause instruction from DSP Asset Managers Private Limited ('AMC') or its agents, if the investor has given a separate standing instruction to the Bank to debit the account on the specified date. The investor will not hold the Fund/AMC/RTA responsible in whatsoever manner in such cases.
- DSP Asset Managers Private Limited ('AMC') or the Fund or the Registrar and other service providers shall not be responsible and liable for any damages or compensation for any loss, damage, etc. incurred by the investor due to reasons which are caused by circumstances not in the ordinary course of business and beyond the control of the Fund.

All other terms and conditions as applicable to SIP facility will be applicable to SIP Pause facility.

The Trustee reserves the right to change the terms and conditions of this facility at a later date. The Trustee also reserves the right to withdraw the SIP Pause facility.

#### **ii. Systematic Withdrawal plan (SWP)**

A Unit Holder may, through SWP, receive regular payments by way of withdrawals from a Scheme (in the said folio) on a weekly, monthly, quarterly, half yearly or yearly basis with specific SWP dates and the request should be for at least 6 such withdrawals. A Unit holder may avail of SWP by ticking the appropriate box in the application form and filling up the SWP form, specifying therein the 'SWP Date' and period. To start an SWP, the unit holder should submit the SWP form at least seven days prior to the first desired SWP date. To discontinue the SWP, the unit holder should provide at least 30 days written notice to the Registrar /AMC Offices. A Unit Holder who opts for an SWP has the choice of withdrawing (i) a fixed amount or (ii) an amount equal to the periodic appreciation on his/her/its investment in the Scheme from which the withdrawal is sought.

If the Units available are less than required withdrawal amount, then such Units will be redeemed and SWP facility registered in such scheme will be discontinued. Similarly, if there are no units in the Scheme to redeem or withdraw, the SWP facility registered in such Scheme will be discontinued.

In case the SWP Date happens to be a Non-Business Day, the transaction will be processed on the immediately succeeding Business Day. On the other hand, the Mutual Fund may terminate the SWP, if all the Units concerned are liquidated or withdrawn from the account or pledged or upon the Mutual Fund's receipt of notification of death or incapacity of the Unit Holder. All terms and conditions for SWP, including Exit Load, if any, prevailing in the date of SWP enrolment/registration by the fund shall be levied in the Scheme.

The AMC may change the terms and conditions for SWP facility from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from any of the offices of the AMC, before investing same is available on [www.dspim.com](http://www.dspim.com).

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

A Unit Holder may transfer, through STP, part of his/her/its investment in the Scheme (in the said folio) to another Scheme on a weekly (on any week day i.e Monday to Friday), monthly, quarterly, half yearly and yearly basis with specific STP dates and the request should be for at least 6 such transfers. The transfer will be effected by way of a switch, i.e. redemption of Units from one Scheme and investment of the proceeds thereof, in the other scheme, at the then prevailing terms of both schemes. Therefore, all provisions pertaining to Inter-Scheme Switching will apply to an STP (Please refer to "Switching" for provisions on switching). Also, all provisions pertaining to Entry and Exit Load in an STP transaction will be same as applicable for purchase or redemption of investment made through SIP. All transactions by way of STP shall, however, be subject to the terms (other than minimum application amount) of the target Scheme.

All terms and conditions for STP, prevailing on the date of STP enrolment/registration by the fund shall be levied in the Scheme.

A Unit Holder who opts for an STP has the choice of switching (i) A fixed amount or (ii) an amount equal to the periodic appreciation on his/her/its investment in the Scheme from which the transfer is sought.

The AMC may change the terms and conditions for SWP facility from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from any of the offices of the AMC, before investing same is available on [www.dspim.com](http://www.dspim.com) .

#### **Daily STP facility**

Under Daily STP, the Unit Holder can switch a fixed amount from any one Scheme (Source Scheme) to any other Scheme (Target Scheme) on a daily basis subject to exit load as applicable. The minimum amount of transfer under Daily STP shall be Rs. 100 and in multiples of Re. 1 thereof. The minimum period for Daily STP shall be 6 days and maximum for any period subject to the end period being year 2099. STP installment shall be processed only when it is a Business day for both source and target Scheme. In case the start date is not mentioned, the Daily STP shall start from the 7th day from the date of submission of valid STP registration form. In case the end date is not mentioned, the STP shall be registered for a period of one year. For general terms and conditions and more information, Unit holder(s) are requested to read Terms and Conditions available on [www.dspim.com](http://www.dspim.com)

#### **Flex Systematic Transfer Plan ('Flex STP')**

Flex STP Facility, is a facility wherein Unit holder(s) of designated open-ended Scheme of the Fund can opt to systematically transfer amount(s), which may vary based on the value of investments already made/transferred under this facility, on the date of transfer at predetermined intervals from designated open-ended Scheme of the Fund [hereinafter referred to as "Transferor Scheme"] to the 'Growth Option' only, of designated open-ended scheme of the Fund [hereinafter referred to as "Transferee Scheme"]. Transferor Scheme means all scheme of the Fund currently having STP facility and Transferee Scheme means growth option of all scheme of the Fund. All other terms and conditions as applicable to STP facility will be applicable to Flex STP. For general terms and conditions and more information, Unit holder(s) are requested to read Terms and Conditions available on [www.dspim.com](http://www.dspim.com)

#### **Value Systematic Transfer Plan ('Value STP')**

Value STP facility, is a facility wherein Unit holder(s) of designated open-ended scheme of the Fund can opt to systematically transfer amount(s), which may vary based on the value of investments already made/transferred under this facility, on the date of transfer at predetermined intervals from designated open-ended scheme of the Fund [hereinafter referred to as "Transferor Scheme"] to the 'Growth Option' only of designated open-ended Scheme of the Fund [hereinafter referred to as "Transferee Scheme"], including a feature of 'Reverse Transfer' from Transferee Scheme into the Transferor Scheme, in order to achieve the Target Market Value on each transfer date in the Transferee Scheme, subject to the terms and conditions of Value STP. The AMC reserves the right to modify the above terms and conditions of Flex STP and Value STP at any time without prior notice to the unitholders and such amended terms and conditions will thereupon apply to and be binding on the unitholders. The updated terms and conditions of Flex STP and Value STP will be available on our website [www.dspim.com](http://www.dspim.com).

#### **Note:**

- SIP/SWP/STP facility is available in all plans of the Scheme.
- SWP and STP facilities are available/applicable to the investors in each plan of the Scheme.
- STP/SWP facilities are currently not available to investors who wish to transact through the stock exchange mechanism.

#### **iv. Switching**

A switch has the effect of redemption from one scheme/ plan/option and a purchase in the other scheme/plan/ option to which the switching has been done. To effect a switch, a Unit Holder must provide clear instructions. Such instructions may be provided in writing or by completing the transaction slip/form attached to the account statement. The switch request can be made for any amount of Rs. 100/- or more. A Unit Holder may request switch of a specified amount or a specified number of Units only. If the Unit Holder has specified both the amount (in Rs.) and the number of Units, switch-out of units will be carried out based on the number of units specified by the Unit Holder.

The price at which the units will be switched-out will be based on the redemption price of the scheme from which switch-out is done and the proceeds will be invested into the Scheme at the NFO Price. Unit holders are requested to note that application for switch-out for units for which funds are not realized via purchase or switch-in in the scheme of the Fund shall be liable to be rejected. In other words, switch out of units will be processed only if the funds for such units are realized in the scheme by a way of payment instructions/transfer or switch-in funding process.

Allotment will be completed after due reconciliation of receipt of funds for all valid applications within 5 Business Days from the closure of the NFO period. Further, all switch funding shall be in line with redemption funding timelines adopted by the concerned scheme i.e. if a scheme follows T+3 payout for redemption, the switch out funding should also be made on the T+3 and not earlier or later than T+3, where T is the day of transaction. The funds from the switch out schemes into the switch in scheme should be received within One business day prior to the allotment date.

If the NFO of the scheme is called off for any reason whatsoever, the Switch Out amount from other schemes to the NFO scheme will be paid to the investor within 5 Business Days of the closure of the NFO, similar to a redemption from Switch out scheme. Investors should note that the Switch transaction will not be nullified and the switch amount will be paid out as redemption. Further, such payments will not qualify as delayed payments and no interest will be payable by the Fund/AMC/RTA in such cases where the payment date is beyond 03 days of the switch out date, as the switch transactions are accepted from the first day of the entire NFO period and the NFO may be called off after the closure of NFO period.

Any redemption or switch out transaction in the interim is liable to be rejected at the sole discretion of the AMC. Investors may note that switch facility is currently not provided to investors who wish to transact through the stock exchange mechanism or hold units in demat form and will be provided as an when enabled on stock exchange platform.

#### **a. Inter-Scheme Switching**

Unit Holders will have the option to switch all or part of their investment in the Scheme, to any other Scheme established by the Mutual Fund, which is available for investment at that time. The switch will be affected by way of redemption of Units from a Scheme and re-investment of the redemption proceeds in the other Scheme selected by the Unit Holder at the prevailing terms of the Scheme to which the switch is taking place.

The price at which the Units will be switched out of the Scheme will be based on the Redemption Price on the Business Day of acceptance of switching request and the net proceeds will be invested in the other Scheme at the prevailing Purchase Price for Units in that/those Scheme. Please see the clause on “Ongoing price for redemption (sale)/switch outs (to other Scheme/plans of the Mutual Fund)/intra- Plan switching by investors (Redemption Price)”.

#### **b. Inter-Plan Switching**

Unit Holders will have the option to switch all or part of their investment(s) from one plan of a Scheme to the other plan of that Scheme. The switch will be effected by way of a redemption of Units of the relevant plan of a Scheme as per terms and conditions of redemption and re-investment of the redemption proceeds in the other plan of the Scheme selected by the Unit Holder on the prevailing terms of that Plan as a purchase as per purchase terms and conditions of purchase.

#### **c. Switch of units from Regular Plan to Direct Plan within the same Scheme of the Fund:**

No exit load shall be levied in case of switch of investment from Regular Plan to Direct Plan and vice versa.

Such Switch may entail tax consequences. Investors/Unit Holder(s) should consult their professional tax advisor before initiating such requests.

#### **d. Inter-Option Switching**

Unit Holders have the option to switch all or part of their investments from one Option of a Scheme/Plan to the other Option of the same Scheme/Plan.

The switch will be affected by way of redemption of Units of the relevant Option and reinvestment of the redemption proceeds in the other Option selected by the Unit Holder on the prevailing terms of that Scheme/Plan. The price at which the Units will be switched out will be at the Applicable NAV on the Business Day of acceptance of switching request and the net proceeds will be invested in the other Option at the Applicable NAV of that Option.

The AMC may change the terms and conditions for switching facility from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from any of the offices of the AMC, before investing same is available on [www.dspim.com](http://www.dspim.com).

#### **v. Pledge of Units for Loans**

Units can be pledged by the Unit Holders as security for raising loans, subject to any rules/restrictions that the Trustee may prescribe from time to time. The Registrar will take note of such pledge/charge in his records. A standard form for this purpose is available on request at any of the official points of acceptance of transactions.

For Units held in demat form, the rules of the respective DP will be applicable for pledge of the Units. Units held in demat form can be pledged by completing the requisite forms/formalities as may be required by the Depository. The pledge gets created in favor of the pledgee only when the pledgee's DP confirms the creation of pledge in the system.

In case of Units held in physical form, the Registrar will note and record such pledge. A standard form for this purpose is available at any of the official points of acceptance of transactions and on [www.dspim.com](http://www.dspim.com).

#### **vi. Transfer of Income Distribution cum Capital Withdrawal plan (IDCW)**

Unit holders under the Regular Plan/Institutional Plan & Direct Plan (wherever applicable) and IDCW (s) (other than Daily Reinvestment of Income Distribution cum Capital Withdrawal option) of all the open ended Scheme of the Mutual Fund can opt to transfer their IDCW to any other option under the Regular Plan/ Institutional Plan & Direct Plan (wherever applicable) (other than Daily Reinvestment of Income Distribution cum Capital Withdrawal option) of all the open- ended Scheme of the Mutual Fund by availing the facility of Transfer of Income Distribution cum Capital Withdrawal Plan.

Under Transfer of IDCW Plan, IDCW as & when declared (as reduced by the amount of applicable statutory levy) in the transferor Scheme (subject to minimum of Rs.100/-) will be automatically invested without any exit load into the transferee Scheme, as opted by the Unit holder. Such transfer will be treated as fresh subscription in the transferee Scheme and invested at the Applicable NAV on the Business Day immediately following the record date, subject to terms and conditions applicable to the transferee Scheme.

Investors are requested to note that the AMC may change the terms and conditions for SWP facility from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from any of the offices of the AMC, before investing same is available on [www.dspim.com](http://www.dspim.com) .

#### **vii. OTM - One Time Mandate ('Facility')**

This Facility enables the Unit Holder/s of DSP - Mutual Fund ('Fund') to transact with in a simple, convenient and paperless manner by submitting OTM - One Time Mandate registration form to the Fund which authorizes

his/her bank to debit their account up to a certain specified limit per day, as and when they wish to transact with the Fund, without the need of submitting cheque or fund transfer letter with every transaction thereafter.

This Facility enables Unit holder(s) of the Fund to start Systematic Investment Plan (SIP) or invest lump sum amounts in any Scheme of the Fund by sending instructions through Transaction forms and online facility specified by the AMC. This Facility is only available to Unit holder(s) of the Fund who have been assigned a folio number by the AMC.

Unit Holder/s are requested to note that in line with the requirement of SEBI and AMFI Circulars on Two Factor Authentication[2FA], SMS based transaction facility and transaction through Call Centre for all forms of transaction, including but not limited to purchase, redemptions, switches, systematic registrations will be discontinued with effect from June 01, 2022.

Unit Holder(s) are requested to note that the AMC reserves the right to amend the terms and conditions, or modify, or discontinue the Facility for existing as well as prospective investors at anytime in future.

**For general terms and conditions and more information, Unit holder(s) are requested to read Terms and Conditions, OTM - One Time Mandate registration form available at the Official Point of Acceptance of Transactions of AMC/ CAMS and also available on [www.dspim.com](http://www.dspim.com).**

## **10. Account Statements**

Under Regulation 36(4) of SEBI (Mutual Funds) Regulations, 1996, the AMC/ RTA is required to send consolidated account statement for each calendar month to all the investors in whose folio transaction has taken place during the month. Further, SEBI vide its circular ref. no. CIR/MRD/DP/31/2014 dated November 12, 2014, in order to enable a single consolidated view of all the investments of an investor in Mutual Fund and securities held in demat form with Depositories, has required Depositories to generate and dispatch a single consolidated account statement for investors having mutual fund investments and holding demat accounts.

In view of the said requirements the account statements for transactions in units of the Fund by investors will be dispatched to investors in following manner:

### **I. Investors who do not hold Demat Account**

Consolidated account statement<sup>^</sup>, based on PAN of the holders, shall be sent by AMC/ RTA to investors not holding demat account, for each calendar month within 15<sup>th</sup> day of the succeeding month to the investors in whose folios transactions have taken place during that month.

Consolidated account statement<sup>^</sup> shall be sent by AMC/RTA every half yearly (September/ March), on or before 21<sup>st</sup> day of succeeding month, detailing holding at the end of the six month, to all such investors in whose folios there have been no transactions during that period.

<sup>^</sup>Consolidated account statement sent by AMC/RTA is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, payout of IDCW, reinvestment of IDCW, systematic investment plan, systematic withdrawal plan, systematic transfer plan, bonus etc. (including transaction charges paid to the distributor) and holding at the end of the month.

### **II. Investors who hold Demat Account**

Consolidated account statement<sup>^^</sup>, based on PAN of the holders, shall be sent by Depositories to investors holding demat account, for each calendar month within 15<sup>th</sup> day of the succeeding month to the investors in whose folios transactions have taken place during that month.

Consolidated account statement shall be sent by Depositories every half yearly (September/ March), on or before 21<sup>st</sup> day of succeeding month, detailing holding at the end of the six month, to all such investors in whose folios and demat accounts there have been no transactions during that period.

In case of demat accounts with nil balance and no transactions in securities and in mutual fund folios, the depository shall send account statement in terms of regulations applicable to the depositories.

^^Consolidated account statement sent by Depositories is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, payout of IDCW, reinvestment of IDCW, systematic investment plan, systematic withdrawal plan, systematic transfer plan, bonus etc. (including transaction charges paid to the distributor) and transaction in dematerialised securities across demat accounts of the investors and holding at the end of the month.

Following provisions shall be applicable to CAS sent through AMC/ RTA and CAS sent through depositories:

- a. Investors are requested to note that for folios which are not included in the CAS, AMC shall henceforth issue monthly account statement to the unit holders, pursuant to any financial transaction done in such folios; the monthly statement will be sent on or before 15<sup>th</sup> day of succeeding month. Such statements shall be sent in physical form if no email id is provided in the folio.
- b. The statement sent within the time frame mentioned above is provisional and is subject to realisation of payment instrument and/or verification of documents, including the application form, by the RTA/AMC.
- c. In the event the folio/demat account has more than one registered holder, the first named Unit holder/Account holder shall receive the CAS (AMC/RTA or Depository). For the purpose of CAS (AMC/RTA or Depository), common investors across mutual funds/depositories shall be identified on the basis of PAN. Consolidation shall be based on the common sequence/ orders of investors in various folios/demat accounts across mutual funds / demat accounts across depository participants.
- d. Investors whose folio(s)/demat account(s) are not updated with PAN shall not receive CAS. Investors are therefore requested to ensure that their folio(s)/demat account(s) are updated with PAN. For folios not included in the CAS (due to non-availability of PAN), the AMC shall issue monthly account statement to such Unit holder(s), for any financial transaction undertaken during the month on or before 15<sup>th</sup> of succeeding month by mail or email.

For folios not eligible to receive CAS (due to non-availability of PAN), the AMC shall issue an account statement detailing holding across all schemes at the end of every six months (i.e. September/March), on or before 21<sup>st</sup> day of succeeding month, to all such Unit holders in whose folios no transaction has taken place during that period shall be sent by mail/e-mail.

- e. For Unit Holders who have provided an e-mail address in KYC records, the CAS will be sent by e-mail.
- f. The Unit Holder may request for a physical account statement by writing to/calling the AMC/RTA. In case of a specific request received from the unit holders, the AMC/RTA shall provide the account statement to the unit holders within 5 business days from the receipt of such request.
- g. Units held, either in the form of Account Statement or Unit Certificates, are non-transferable. The Trustee reserves the right to make the Units transferable at a later date subject to SEBI (MF) Regulations issued from time to time.

## **11. Income Distribution cum Capital Withdrawal (IDCW) Warrants**

IDCW warrants shall be dispatched to the Unit Holders within 7 working days of the record date of IDCW.

In the event of delay/failure to despatch the IDCW warrants within the aforesaid period, interest for the period of delay in transfer of IDCW shall be paid by AMC to unitholders at the rate of 15% per annum along with the proceeds of IDCW.

## **12. Redemption**

Units can be redeemed (sold back to the Mutual Fund) at the relevant Redemption Price. The redemption requests can be made on the pre-printed forms (transaction slip/common transaction form) or by using the form at the bottom of the account statement. The redemption request can be submitted at any of the Official Points of Acceptance of transaction, the details of which are mentioned at the end of this SID. As all allotments are provisional, subject to realization of payment instrument and subject to the AMC having been reasonably satisfied that the Mutual Fund has received clear funds, any redemption or switch out transaction in the interim is liable to be rejected at the sole discretion of the AMC.

A unit Holder may request redemption of a specified amount or a specified number of Units only. If the redemption request is made for a specified amount and the number of Units is also specified by the Unit Holder, the number of Units specified will be considered for deciding the redemption amount. Unit Holders may also request for redemption of their entire holding and close the account by indicating the same at an appropriate place in the transaction slip/common transaction slip.

It may, however, be noted that in the event of death of the Unit Holder, the nominee or legal heir, (subject to production of requisite documentary evidence to the satisfaction of the AMC) as the case may be, shall be able to redeem the investment.

In case an investor has purchased Units on more than one day (either under the NFO Period or through subsequent purchases) the Units purchased first (i.e. those Units which have been held for the longest period of time), will be deemed to have been redeemed first, i.e. on a First-In-First-Out basis.

In case the Units are standing in the names of more than one Unit Holder, where mode of holding is specified as Joint redemption requests will have to be signed by all joint holders. However, in cases of holding specified as 'Anyone or Survivor', any one of the Unit Holders will have the power to make redemption requests, without it being necessary for all the Unit Holders to sign. However, in all cases, the proceeds of the redemption will be paid to the first-named holder only.

Redemption or repurchase proceeds shall be dispatched to Unit Holders within 3 working days from the date of acceptance of redemption or repurchase.

Investor may note that in case of exceptional scenarios provided by AMFI vide its communication no. AMFI/35P/ MEM-COR/ 74 / 2022-23 dated January 16, 2023 and prescribed under para 14.1.3 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, the AMC may not be able to adhere with the timelines prescribed above.

Unit Holders are encouraged and advised to submit their requests for bank mandate/ Multiple Bank Accounts Registration request atleast 10 business days prior to date of redemption / IDCW payment, if any. The AMC reserves the right to extend/modify the timelines on a case to case basis.

The redemption payment will be issued in favour of the sole/ first Unit Holder's registered name and bank account number, if provided. Payment via cheque, where issued, will be sent to the address of the sole/first Holder registered with the fund at the time of dispatch entirely at the risk of the unit holder. The redemption cheque/demand draft will be payable at par at all the places where the official points of acceptance of transaction are located. Bank charges for collection of redemption proceeds will be borne by the Unit Holder. With a view to safeguarding their interest, it is mandatory that Unit Holders indicate their Bank Account No.,

name of the bank and branch in the application for purchasing Units of the Scheme. A fresh account statement will also be sent/mailed to redeeming investors, indicating the new balance to the credit in the account, along with the redemption cheque.

Unit holders are requested to note that application for redemption or switch out for units for which funds are not realized via purchase or switch-in in the Scheme of the Fund shall be liable to be rejected. In other words, redemption of units will be processed only if the funds for such units are realized in the Scheme by a way of payment instructions/transfer or switch-in funding process.

The proceeds towards redemptions and IDCW will be despatched by a reasonable mode of despatch like courier, speed post, UCP, etc. in case of cheque/demand draft or directly credited to the bank account (as per the details mentioned by the investor), entirely and solely at the risk of the investor. The Mutual Fund will endeavour to remit redemption proceeds via electronic means, as made available by RBI. Where such electronic means are not available or feasible under any circumstances, the Mutual Fund will remit the redemption proceeds by way of cheques. 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 & IDCW 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.

In case of redemptions, Unit holders should note that Two Factor Authentication [2FA] is mandatory for all redemption / switches including STP/SWP submitted through electronic mode. OTP will be sent to either email id or mobile number registered in the folio and the Unit holder have to confirm on the OTP received. On successful validation only, the redemptions will be accepted and processed.

#### **Redemption by NRIs and FPIs**

Credit balances in the account of an NRI/FPI investor may be redeemed by such investors in accordance with the procedure described above and subject to the procedures laid down by RBI, if any. Such redemption proceeds will be paid by means of a Rupee cheque payable to the NRI's/FPIs or by a foreign currency draft drawn at the then rates of exchange less bank charges, subject to RBI procedures and approvals.

#### **Effect of Redemption**

On redemption, the unit capital and reserves will stand reduced by an amount equivalent to the product of the number of Units redeemed and the Redemption Price as on the date of redemption. Units once redeemed will be extinguished and will not be re-issued.

#### **Fractional Units**

Since a request for purchase is generally made in Rupee amounts and not in terms of number of Units of the Scheme, a Unit Holder may be left with fractional Units. Fractional Units will be computed and accounted for up to three decimal places. However, fractional Units will, in no way, affect the Unit Holder's ability to redeem the Units, either in part or in full, standing to his/her/its credit.

#### **Redemption by investors transacting through the Stock Exchange mechanism**

Investors who wish to transact through the stock exchange shall place orders for redemptions as currently practiced for secondary market activities. Investors must submit the Delivery Instruction Slip to their Depository Participant on the same day of submission of redemption request, within such stipulated time as may be specified by NSE/BSE, failing which the transaction will be rejected. Investors shall seek redemption requests in terms of number of Units only and not in Rupee amounts. Redemption amounts shall be paid by the AMC to the bank mandate registered with the Depository Participant. Refer "Transaction in Units through Stock Exchange mechanism" under 'B. On Going Offer Details', for detailed provisions.

#### **Redemption by investors who hold Units in dematerialized form**

Redemption request for Units held in demat mode shall not be accepted at the offices of the Mutual Fund/AMC/Registrar. Unit holders shall submit such request only through their respective Depository Participant.

### **13. Redemptions only for Available & Clear Units**

Further, if an investor makes a redemption request few days after purchase of Units, till clearance of funds is identified, the Mutual Fund shall have the right to reject the redemption request until such time as the Mutual Fund ensures that the amount remitted by the investor (for purchase of Units) is realized and that the proceeds have been credited to the Scheme's Account. However, this is only applicable if the value of redemption is such that some or all of the freshly purchased Units may have to be redeemed to effect the full redemption.

### **14. Unclaimed Redemption and Income Distribution cum Capital Withdrawal Amount** SO no. 53

In terms of Clause 14.3 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, the treatment of unclaimed redemption and dividend amounts shall be specified in SAI.

### **15. Delay in payment of redemption / repurchase proceeds**

As per SEBI (MF) Regulations, the Mutual Fund shall transfer the redemption proceeds within 3 working days from the date of redemption or repurchase.

In the event of delay/failure to transfer the redemption/repurchase proceeds within the aforesaid period, Interest for the period of delay in transfer of redemption or repurchase shall be paid by AMC to unitholders at the rate of 15% per annum along with the proceeds of redemption or repurchase.

Investor may note that in case of exceptional scenarios provided by AMFI vide its communication no. AMFI/35P/ MEM-COR/ 74 / 2022-23 dated January 16, 2023 and prescribed under para 14.1.3 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, the AMC may not be able to adhere with the timelines prescribed above.

### **16. How to Apply?**

Please refer to the SAI and application form for details and instructions.

Application form and Key Information Memorandum may be obtained from Official Points of Acceptance (OPAs) / Investor Service Centres (ISCs) of the AMC or RTA or Distributors or can be downloaded from our website [www.dspim.com](http://www.dspim.com).

The list of the OPA / ISC are available on our website as well. Please refer to the SAI and Application form for further details and the instructions.

### **17. Dematerialization**

Investors subscribing for the Units (other than by way of switch-in) may opt to hold Units in dematerialized mode by filling and providing details of their demat account in the specified application form. Units shall be allotted in physical form by default, unless the investors intimate their intention of holding Units in demat form by filling in the specified application form. This option shall be available in accordance with the other relevant provisions prescribed in the SID and in terms of guidelines/procedural requirements as laid by the depositories (NSDL/CDSL) from time to time.

Investors intending to hold the Units in Demat form are required to have a beneficiary account with the Depository Participant (DP) registered with NSDL/CDSL and will be required to indicate in the specified

application form, the DP's name, DP ID number and the beneficiary account number of the Unit holder with the DP. In case the Demat account details are not provided or the details are incomplete or the details do not match with the records as per Depository(ies), Units will be allotted in physical form. The sequence of names/pattern of holding as mentioned in the application form must be same as that in the demat account. Units shall be credited to the investors' demat account only after the funds are credited into the Mutual Fund's scheme(s) account to the satisfaction of the AMC.

In case of credit of Units to depository account, applicants' details like the mode of holding, bank account, correspondence address, payment bank, nomination etc. will be considered as appearing in the depository account for various purposes. For any subsequent change in static information like address, bank details, nomination etc. investors should approach their respective depository.

If the demat account details do not match with applicants' name and order, units will be allotted the in physical form. Bank details in such cases shall be captured from the payment instrument provided by the investor. No further transactions shall be permitted in such folio till the KYC related documents or a valid depository account details are provided.

In case, the Unit holder desires to hold the Units in a Dematerialized/Rematerialized form at a later date, the request for conversion of units held in non-demat form into Demat (electronic) form or vice-versa should be submitted alongwith a Demat/Remat Request Form to their Depository Participants. Rematerialization of Units will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 2018 as may be amended from time. The asset management company shall issue units in dematerialized form to a unit holder in a scheme within two working days of the receipt of request from the unit holder.

Units held in demat form will be transferable subject to the other relevant provisions prescribed in this SID and in accordance with provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as may be amended from time to time.

## **18. Allotment**

Full allotment will be made to all valid applications received. Allotment to NRIs/FIIs will be subject to RBI approval, if required. Subject to the SEBI (MF) Regulations, the Trustee may reject any application received in case the application is found invalid/incomplete or for any other reason in the Trustee's sole discretion. All allotments will be provisional, subject to realization of payment instrument and subject to the AMC having been reasonably satisfied about receipt of clear funds. Any redemption or switch out transaction in the interim is liable to be rejected at the sole discretion of the AMC. In case of cheque returns, the Mutual Fund will send the copy of the returned cheque and bank return memo by normal post within 15 days of the Registrar having received, at its registered office, the physical and the return memo. The Mutual Fund will not be responsible for any loss or damage to the applicant on account of any delay in informing him/her/it about the return of the cheque, where such delay is caused by the clearing mechanisms of banks and clearing houses involved in realization of cheques.

It is mandatory for NRIs to attach a copy of the payment cheque/FIRC/Debit Certificate to ascertain the repatriation status of the amount invested. NRI applicants should also clearly tick on account type as NRE or NRO or FCNR to determine the repatriation status of the investment amount. The AMC and the Registrar may ascertain the repatriation status purely based on the details provided in the application form under 'Investment and payment details' and will not be liable for any incorrect information provided by the applicants. Applicants will have to coordinate with their authorized dealers and banks to repatriate the investment amount as and when needed.

All applications and/or refunds that are rejected for any reason whatsoever will be returned through instruments or payment channels such as RTGS, NEFT, IMPS, direct credit, etc. or any other mode allowed by Reserve Bank of India from time to time, for payments including refunds to unitholders in form of the cheque, demand draft.

Further, AMC's may also use modes of despatch such as speed post, courier etc. for payments including refunds to unitholders in addition to the registered post with acknowledgement due within 15 days to the address as mentioned by the applicant. The Mutual Fund reserves the right to recover from an investor any loss caused to the Scheme on account of dishonor of cheques issued by him/her/it for purchase of Units.

For investors who have given demat account details, the Units will be credited to the investor's demat account after due verification and confirmation from NSDL/CDSL of the demat account details and only after the funds are credited into the Mutual Fund's scheme(s) account to the satisfaction of the AMC.

Allotment confirmation specifying the number of Units allotted shall be sent to the Unit holders at their registered e-mail address and/or mobile number by way of email and/or SMS within 5 Business Days from the date of receipt of transaction request.

### **19. Suspension/Restriction on Redemption of Units of the Scheme**

Subject to the approval of the Boards of the AMC and of the Trustee and subject to necessary communication of the same to SEBI, the redemption of / switch-out of Units of Scheme(s) of the Fund, may be temporarily suspended/ restricted. In accordance with Clause 1.12 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 and subject to prevailing regulations, restriction on/suspension of redemptions / switch-out of Units of the Scheme(s) of the Fund, may be imposed when there are circumstances leading to 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;
- 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).

Restriction on / suspension of redemption of Units of the Scheme(s) may be imposed for a specified period of time not exceeding 10 working days in any 90 days period.

When restriction on / suspension of redemption of Units of the Scheme(s) is imposed, the following procedure shall be applied:

- i. No redemption / switch-out requests upto Rs. 2 lakhs shall be subject to such restriction.
- ii. Where redemption / switch-out requests are above Rs. 2 lakhs, the AMC shall redeem the first Rs. 2 lakhs without such restriction and remaining part over and above Rs. 2 lakhs shall be subject to such restriction.

Also refer to the section 'Suspension of Purchase and Redemption of Units' in the Statement of Additional Information.

### **20. Transactions through Channel Distributors**

Investors may enter into an agreement with certain distributors (with whom AMC also has a tie up) referred to as "Channel Distributors" who provide the facility to investors to transact in units of mutual funds through various modes such as their website / other electronic means or through Power of Attorney in favor of the Channel Distributor, as the case may be.

Under such arrangement, the Channel Distributors will aggregate the details of transactions (viz. subscriptions/ redemptions/switches) of their various investors and forward the same electronically to the AMC / RTA for processing on daily basis as per the cut-off timings applicable to the relevant schemes. The Channel Distributor is required to send copy of investors' KYC and agreement entered into between the investor & distributor to the RTA (one time for central record keeping) as also the transaction documents / proof of transaction authorization as the case may be, to the AMC / RTA as per agreed timelines.

Normally, the subscription proceeds, when invested through this mode, are by way of direct credits to the specified bank account of DSP Mutual Fund. The redemption proceeds (subject to deduction of tax at source, if any) and IDCW payouts, if any, are paid by the AMC to the investor directly through direct credit in the bank account of the investor specified by the distributor or through issuance of payment instrument, as applicable.

In case KYC and other necessary documents are not furnished within the stipulated timeline, the transaction request shall be liable to be rejected or the folio will be locked for future subscriptions/ switches. The Mutual Fund, the AMC, the Trustee, along with their directors, employees and representatives shall not be liable for any errors, damages or losses arising out of or in connection with the transactions undertaken by investors or as provided by the distributors through the above mode.

It may be noted that investors investing through this mode may also approach the AMC / ISC directly with their transaction requests (financial / non-financial) or avail of the online transaction facilities offered by the AMC.

## **21. Subscription of Units through Electronic Mode**

Subject to the investor fulfilling certain terms and conditions as stipulated by AMC from time to time, the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund, the Registrar ("Recipient") may accept transactions through any electronic mode (fax/web/electronic transactions) ("Electronic Transactions"). The acceptance of Electronic Transactions will be solely at the risk of the investor and the Recipient shall not in any way be liable or responsible for any loss, damage caused to the investor directly or indirectly, as a result of the investor sending or purporting to send such transactions including where such transaction sent / purported to be sent is not processed on account of the fact that it was not received by the Recipient.

The investor acknowledges that Electronic Transaction is not a secure means of giving instructions / transactions requests and that the investor is aware of the risks involved including those arising out of such transmission being inaccurate, imperfect, ineffective, illegible, having a lack of quality or clarity, garbled, altered, distorted, not timely etc. The investor's request to the Recipient to act on Electronic Transaction is for the investor's convenience and the Recipient is not obliged or bound to act on the same. The investor authorizes the recipient to accept and act on any Electronic Transaction which the recipient believes in good faith to be given by the investor and the recipient may at its discretion treat any such transaction as if the same was given to the recipient under the investor's original signature.

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

The investor agrees that the recipient may adopt additional security measures including signature verification, telephone call backs or a combination of the same, which may be recorded and the investor consents to such recording and agrees to co-operate with the recipient to enable confirmation of such transaction requests. In consideration of the Recipient from time to time accepting and at its sole discretion (including but not limited to the AMC extending / discontinuing such facilities from time to time) acting on any Electronic Transaction request received / purporting to be received from the investor, the investor agrees to indemnify and keep indemnified the AMC, Directors, employees, agents, representatives of the AMC,

Mutual Fund and Trustees from and against all actions, claims, demands, liabilities, obligations, losses, damages, costs and expenses of whatever nature (whether actual or contingent) directly or indirectly suffered or incurred, sustained by or threatened against the indemnified parties whatsoever arising from or in connection with or any way relating to the indemnified parties in good faith accepting and acting on Electronic Transaction requests including relying upon such transaction requests purporting to come from the investor even though it may not come from the Investor. The AMC reserves the right to modify the terms and conditions or to discontinue the facility at any point of time.

Unit holders should note that Two Factor Authentication [2FA] is mandatory for all subscriptions including SIP registration submitted through electronic mode. OTP will be sent to either email id or mobile number registered in the folio and the Unit holder have to confirm on the OTP received. On successful validation only, the subscriptions / systematic registration will be accepted and processed.

## **22. Restrictions, if any, on the right to freely retain or dispose off Units being offered**

The Trustee may, in the general interest of Unit Holders, keeping in view the unforeseen circumstances/unusual market conditions, limit the total number of Units which may be redeemed on any Business Day to 5% of the total number of Units then in issue under the Schemes (or such higher percentage as the Trustees may determine).

Any Units, which by virtue of these limitations are not redeemed on a particular Business Day, will be carried forward for redemption to the next Business Day, in order of receipt. Redemptions so carried forward will be priced on the basis of the Redemption Price of the Business Day or Non Business Day (if and as applicable) on which redemption is made. Under such circumstances, to the extent multiple redemption requests are received at the same time on a single Business Day, redemptions will be made on pro-rata basis, based on the size of each redemption request, the balance amount being carried forward for redemption to the next Business Day(s).

Also, in the event of an order being received from any regulatory authority/body, directing attachment of the Units of any investor, redemption of Units will be restricted in due compliance of such order.

## **23. Bank Mandate**

SO no. 61

It is mandatory for every applicant to provide the name of the bank, branch, address, account type and number as per requirements laid down by SEBI and any other requirements stated in the Application Form. Applications without these details will be treated as incomplete. Such incomplete applications will be rejected. The Registrar/AMC may ask the investor to provide a blank cancelled cheque or its photocopy for the purpose of verifying the bank account number.

Investor/s or /Unit Holder/s are requested to note that any one of the following documents shall be submitted by the investor/s or /Unit Holder/s, in case the cheque provided along with fresh subscription/new folio creation does not belong to the bank mandate specified in the application form:

- Original cancelled cheque having the First Holder Name printed on the cheque [or]
- Original bank statement reflecting the First Holder Name, Bank Account Number and Bank Name as specified in the application [or]
- Photocopy of the bank statement / bank pass book duly attested by the bank manager and bank seal preferably with designation and employee number [or]
- Photocopy of the bank statement / passbook / cancelled cheque copy duly attested by the AMC/ RTA branch officials after verification of original bank statement / passbook / cheque shown by the investor or their representative [or]
- Confirmation by the bank manager with seal, on the bank's letter head with name, designation and employee number confirming the investor details and bank mandate information.

Where such additional documents are not provided for the verification of bank account for redemption or IDCW payment, the AMC reserves the right to capture the bank account used towards subscription payment for the purpose of redemption and IDCW payments.

#### **24. Process for change of address**

Investors who wish to change their address have to get their new address updated in their KYC records. Investor will have to submit a KYC Change Request Form in case of individual investors and KYC form in case of non individual investors along with proof of address and submit to any of the AMC Offices or CAMS Investor Service Centers. Based on the new address updated in the KYC records, the same will be updated in the investor folio.

Where such additional documents are not provided for the verification of bank account for redemption or IDCW payment, the AMC reserves the right to capture the bank account used towards subscription payment for the purpose of redemption and IDCW payments.

#### **25. Multiple Bank Accounts Registration Facility**

In compliance to AMFI Best Practice Guidelines, AMFI circular No. 17/10-11 dated October 22, 2010, the Mutual Fund offers its Unit holders, facility to register multiple bank accounts for pay-in & payout purposes and designate one of the registered bank account as “Default Bank Account”. Individuals, HUFs, Sole proprietor firms can register upto five bank accounts and a non-individual investor can register upto ten bank accounts in a folio. This facility can be availed by using a designated “Bank Accounts Registration Form” available at Investor Service Centers and Registrar and Transfer Agent’s offices. In case of first-time investors, the bank account mentioned on the purchase application form, will be treated as default bank account till a separate request to register multiple bank accounts and change the default bank account to any of other registered bank account is submitted by such investor.

Registered bank accounts may also be used for verification of pay-ins (i.e. receiving of subscription funds) to ensure that a third party payment is not used for mutual fund subscription. The default bank account will be used for all IDCWs and redemptions payouts unless Unit holder(s) specifies one of the existing registered bank account in the redemption request for receiving redemption proceeds. However, in case Unit holder(s) do not specify the default account, the Mutual Fund reserves the right to designate any of the registered bank accounts as default bank account.

New bank accounts can only be registered using the designated “Bank Accounts Registration Form”. If Unit holder(s) provide a new and unregistered bank mandate or a change of bank mandate request with specific redemption/ IDCW payment request (with or without necessary supporting documents), such bank account will not be considered for payment of redemption/IDCW proceeds, or the Mutual Fund withhold the payment for upto 10 calendar days to ensure validation of new bank mandate mentioned.

Any request without the necessary documents will be treated invalid and will not be acted upon and any financial transaction, including redemptions, will be carried with the previously registered details only. Valid change of bank mandate requests with supporting documents will be processed within ten days of documents reaching the head office of the Registrar and any financial transaction request received in the interim will be carried based on the previously registered details.

This facility is however not available to investors holding Units in dematerialized mode. For such investors bank account details as registered with their respective depository participant shall be considered for various purposes.

#### **26. Bank Account Details / Multiple Bank Account Registration**

It is mandatory for all investors to provide their bank mandate which will be used for payment of redemption/IDCW payout. Applications without the mandatory bank details and supporting documents are liable to be rejected. Investors should ideally mention account details of the same bank account from where the payment towards purchase is made. If the bank account details mentioned are different from purchase pay-in bank, investors should attach a cancelled cheque off the said account with name and account number pre-printed. Should the investor fail to provide the documents, the Fund/AMC/RTA reserve the right to register the pay-in bank details as the redemption bank details and use such bank account for payment of any redemption/IDCW proceeds.

The Mutual Fund offers its Unit holders, facility to register multiple bank accounts for pay-in & payout purposes and designate one of the registered bank account as "Default Bank Account". This facility can be availed by using a designated "Bank Accounts Registration Form". In case of new investors, the bank account mentioned on the purchase application form used for opening the folio will be treated as default bank account till a separate request to register multiple bank accounts and change the default bank account to any of other registered bank account is submitted by such investor. Registered bank accounts may also be used for verification of payins (i.e. receiving of subscription funds) to ensure that a third party payment is not used for mutual fund subscription.

## **27. Change of Bank**

New bank accounts can only be registered using the designated "Bank Accounts Registration Form" / 'Change of Bank Form'. If Unit holder(s) provide a new and unregistered bank mandate or a change of bank mandate request with specific redemption/ IDCW payment request (with or without necessary supporting documents), such bank account will not be considered for payment of redemption/ IDCW proceeds, or the Mutual Fund withhold the payment for upto 10 calendar days to ensure validation of new bank mandate mentioned. Change of bank mandate would not be processed based on the request submitted along with the redemption request and the investor will have to submit a fresh request for change of bank mandate with supporting documents. Any request without the necessary documents will be treated invalid and will not be acted upon and any financial transaction, including redemptions, will be processed with the existing registered details only. Valid change of bank mandate requests with supporting documents will be processed within ten days of documents reaching the head office of the Registrar and any financial transaction request received in the interim will be carried based on the previously registered details.

### Change in Bank Account mandate along with Redemption / Income Distribution cum Capital Withdrawal ('IDCW') proceeds:

Please note the following important points related to payment of redemption/ IDCW proceeds:

- (i). Proceeds of any redemption/IDCW will be sent only to a bank account that is already registered and validated in the folio at the time of redemption / IDCW processing.
- (ii). Unit holder(s) may choose to mention any of the existing registered bank accounts with redemption /IDCW payment request for receiving redemption/IDCW proceeds. If no registered bank account is mentioned, default bank account will be used.
- (iii). If unit holder(s) provide a new and unregistered bank mandate or a change of bank mandate request with a specific redemption / IDCW payment request (with or without necessary supporting documents) such bank account may not be considered for payment of redemption/ IDCW proceeds, or the Mutual Fund may withheld the payment for upto 10 calendar days to ensure validation of new bank mandate mentioned.

Any request without the necessary documents will be treated invalid and will not be acted upon and any financial transaction, including redemptions, will be carried with the previous details only. Valid change of bank mandate requests with supporting documents will be processed within ten days of documents reaching the head office of the Registrar and any financial transaction request received in the interim will be carried based on the previous details.

## **28. Third Party Payment Avoidance & additional documents/ declaration required**

To safeguard the interests of applicant/investors and avoid fraudulent transactions in any other name, the Mutual Fund does not accept Third Party Payments. In case of subscriptions, the Mutual Fund shall verify the bank account from which the funds have been paid for the subscription. In case it is identified that the funds have not come from the investor's bank account, the subscription will be rejected. Please refer SAI for Details.

## **29. Transaction in Units through Stock Exchange mechanism**

The facility of transacting through the stock exchange mechanism enables investors to buy and sell the Units of the Scheme(s) through the stock brokers registered with the BSE and/or NSE in accordance with the guidelines issued by SEBI and operating guidelines and directives issued by NSE, BSE or such other recognized stock exchange in this regard and agreed with the Asset Management Company/ Registrar and Transfer Agent. The investor shall be serviced directly by such stock brokers/ Depository Participant. The Mutual Fund will not be in a position to accept any request for transactions or service requests in respect of Units bought under this facility in demat mode. This facility will be offered to investors who wish to hold Units in dematerialized form or in physical mode. Further, the minimum purchase/ redemption amount in the respective plan / option of such notified Schemes of the Fund will be applicable for each transaction. This facility will currently not support transactions done through switches or facilities such as SWP and STP.

In case of non-financial requests/applications such as change of address, change of bank details, etc., investors should approach the respective Depository Participant(s).

Unit holders may have/open a beneficiary account with a Depository Participant of a Depository and choose to hold the Units in dematerialized mode. The Unit holders have the option to dematerialize the Units as per the account statement sent by the Registrar by making an application to the AMC/registrar for this purpose.

Rematerialization of Units can be carried out in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996 as may be amended from time to time. Investors, who wish to get back their securities in physical form, may request their respective Depository Participant for rematerialization of Units in their beneficiary accounts. The Depository Participant will generate a rematerialization request number and the request will be dispatched to the AMC/ Registrar. On acceptance of request from the Depository Participant, the AMC/Registrar will dispatch the account statement to the investor and will also send confirmation to the Depository participant.

Transactions conducted through the Stock Exchange mechanism shall be governed by the SEBI (Mutual Funds) Regulations 1996 and operating guidelines and directives issued by NSE, BSE or such other recognized exchange in this regard.

Further, in line with SEBI circular No. SEBI/HO/MRD1/DSAP/CIR/P/2020/29 dated February 26, 2020 as amended from time to time, investors can directly buy/redeem units of the Scheme through stock exchange platform.

## **30. Cash Investments in mutual funds**

In order to help enhance the reach of mutual fund products amongst small investors, who may not be tax payers and may not have PAN/bank accounts, such as farmers, small traders/businessmen/workers, SEBI has permitted receipt of cash transactions for fresh purchases/ additional purchases to the extent of Rs. 50,000/- per investor, per financial year shall be allowed subject to:

- i. compliance with Prevention of Money Laundering Act, 2002 and Rules framed there under; the SEBI Circular(s) on Anti Money Laundering (AML) and other applicable Anti Money Laundering Rules, Regulations and Guidelines; and
- ii. sufficient systems and procedures in place.

- iii. However, payment towards redemptions, IDCW, etc. with respect to aforementioned investments shall be paid only through banking channel.

### **31. Facility to transact in units of the Schemes through MF Utility portal & MFUI Points of Services pursuant to appointment of MF Utilities India Private Limited**

The AMC has entered into an Agreement with MF Utilities India Private Limited (MFUI), 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.

Investors can execute financial and non-financial transactions pertaining to Schemes of the Fund electronically on the MFU portal i.e. [www.mfuonline.com](http://www.mfuonline.com) as and when such a facility is made available by MFUI. The MFU portal i.e. [www.mfuonline.com](http://www.mfuonline.com) will be considered as Official Point of Acceptance for such transactions.

The Points of Service (“POS”) of MFUI with effect from the respective dates as published on MFUI website i.e. [www.mfuindia.com](http://www.mfuindia.com) against the POS locations will be considered as Official Point of Acceptance/ Investor Services Centre where application for financial transactions in schemes of the Fund will be accepted on an ongoing basis. Further, investors can also submit their non-financial transaction requests at the POS.

The salient features of the facility to transact in units of the Schemes through MFU are given below:

- 1) Common Account Number (“CAN”): Investors are required to submit duly filled in CAN Registration Form (“CRF”) and prescribed documents at the MFUI POS to obtain CAN. The CRF can be downloaded from MFUI website i.e. [www.mfuindia.com](http://www.mfuindia.com) or can be obtained from MFUI POS.

CAN is 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 investments, if any.

MFU will map the existing folios of investors in various schemes of Mutual Funds to the CAN to enable transacting across schemes of Mutual Funds through MFU. The AMC and / or its Registrar and Transfer Agent (RTA) shall provide necessary details to MFUI as may be needed for providing the required services to investors / distributors through MFU.

CAN registered investors can transact in physical mode through MFUI POS by submitting relevant Common Transaction Form prescribed by MFUI.

- 2) CAN registered investors can transact through electronic mode through MFU portal i.e. [www.mfuonline.com](http://www.mfuonline.com) as and when such a facility is made available to them by MFUI. The time of transaction submission done through MFU portal i.e. [www.mfuonline.com](http://www.mfuonline.com) and the successful receipt of the same in the servers of MFUI would be the time-stamp for the transaction.
- 3) Investors not registered with MFUI can also submit their financial & non-financial transactions request at MFUI POS by giving reference of their existing folio number allotted by the Fund.
- 4) The transactions on the MFU portal shall be subject to the terms & conditions as may be stipulated by MFUI / Mutual Fund / the AMC from time to time.

All other terms and conditions of offering of the Scheme as specified in the SID, KIM and SAI shall be applicable to transaction through MFUI.

### **32. KYC Requirements**

Investor are requested to take note that it is mandatory to complete the KYC requirements (including updation of Permanent Account Number) for all unit holders, including for all joint holders and the guardian in case of folio of a minor investor. Accordingly, financial transactions (including redemptions, switches and all types of systematic plans) and non-financial requests are liable to be rejected, if the unit holders have not completed the KYC requirements.

Notwithstanding in the above cases, the AMC reserves the right to ask for any requisite documents before processing of financial and non-financial transactions or freeze the folios as appropriate.

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

### **33. Facility to transact in units of the Schemes through MFCentral**

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 & Conditions of the Platform from time to time. MFCentral will be enabling various features and services in a phased manner. MFCentral may be accessed using <https://mfcentral.com/> and a Mobile App in future.

DSP Mutual fund designates MFCentral as its Official point of acceptance (DISC - Designated investor Service Centre) with effect from 23rd September 2021.

### **34. Nomination for Mutual Fund Unit Holders**

Investors who are subscribing to units of DSP Mutual Fund on or after October 1, 2022, shall submit either the nomination form or the prescribed declaration form for opting out of nomination in physical or online as per the choice of the unit holder(s).

- a. In case of physical option: The forms shall carry the wet signature of all the unit holder(s).
- b. In case of online option:
  - (1) The unit holder(s) shall validate the forms by using e-Sign facility recognized under Information Technology Act, 2000 or
  - (2) Through two factor authentication (2FA) in which one of the factor shall be a One-Time Password sent to the unit holders at their email/phone number registered with the KYC Registration Authority or AMC.

#### **Implication of failure with respect to nomination:**

On or after October 01, 2022, the application will be rejected if the applicant does not provide nomination or does not provide declaration form for opting out of nomination, duly signed in physical form or through online modes.

#### **1. Existing Unitholders:**

The existing individual unitholders of DSP Mutual Fund shall provide the nomination/ opting out of nomination duly signed in physical form or through online modes on or before September 30, 2023, failing which the folios shall be frozen for debits.

#### **2. Who cannot nominate:**

The nomination can be made only by individuals applying for/holding units on their own behalf singly or jointly. Non-individuals including a Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu undivided family, a Power of Attorney holder and/or Guardian of Minor unitholder Holder of Power of Attorney (POA)

cannot nominate. The application will be rejected if the holder aforesaid non individual sign the nomination form.

### C. PERIODIC DISCLOSURES

#### 1. Net Asset Value: SO no. 41 & 42

(This is the value per unit of the Scheme on a particular day. Investors can ascertain the value of their investments by multiplying the NAV with their Unit balance)

The NAVs of the Scheme/plans will be calculated by the Mutual Fund on each Business Day and will be made available by 9:00 a.m. on the following Business Day.

The information on NAVs of the Scheme/plans may be obtained by the Unit Holders, on any day, by calling the office of the AMC or any of the Investor Service Centers at various locations. The NAV of the Scheme will also be updated on the AMFI website [www.amfiindia.com](http://www.amfiindia.com) and on [www.dspim.com](http://www.dspim.com).

In case of delay, the reasons for such delay would be explained to AMFI in writing. If the NAVs of the Scheme are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons for the delay and explaining when the Fund would be able to publish the NAVs.

If the NAVs of the Scheme for a business day (Day T) is not published till 3.00 p.m. on the following business day (T+1) due to any reason, the Investment Manager shall temporary suspend all transactions (subscription/redemption) from T+2 business day onwards, till NAVs of the Scheme for Day T and Day T+1 are published.

Latest available NAVs shall be available to unit holders through SMS, upon receiving a specific request in this regard. Refer relevant disclosures mentioned in the SAI available on AMC website i.e. [www.dspim.com](http://www.dspim.com).

#### 2. Monthly Portfolio Disclosure:

The monthly portfolio of the Scheme shall be available in a user-friendly and downloadable format on the website viz. [www.dspim.com](http://www.dspim.com) on or before the tenth day of succeeding month. In case of unit holders whose email addresses are registered with the Fund, the AMC shall send monthly portfolio via email within 10 days from the end of each month.

The AMC shall provide a physical copy of the statement of the Scheme portfolio, without charging any cost, on specific request received from a unitholder.

#### 3. Half-yearly Portfolio Disclosures:

In case of unit holders whose email address are registered with the Fund, the AMC shall send half yearly portfolio via email within 10 days from the end of each half-year. The half yearly portfolio of the Scheme shall also be available in a user-friendly and downloadable spreadsheet format on the AMFI's website [www.amfiindia.com](http://www.amfiindia.com) and website of AMC viz. [www.dspim.com](http://www.dspim.com) on or before the 10th day of succeeding month.

The advertisement in this reference will be published by the Fund in all India edition of atleast two daily newspapers, one each in English and Hindi.

The AMC shall provide a physical copy of the statement of the Scheme portfolio, without charging any cost, on specific request received from a unit holder.

#### 4. Half-yearly Financial Results:

The Fund shall, before the expiry of one month from the close of each half year, (i.e. March 31 and September 30) shall display the unaudited financial results on [www.dspim.com](http://www.dspim.com) and the advertisement in this regards will be published by the Fund in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Fund is situated.

## **5. Annual Report:**

Annual report or Abridged Summary, in the format prescribed by SEBI, will be hosted on AMC's website [www.dspim.com](http://www.dspim.com) and on the website of AMFI [www.amfiindia.com](http://www.amfiindia.com). Annual Report or Abridged Summary will also be sent by way of e-mail to the investors who have registered their email address with the Fund not later than four months from the date of the closure of the relevant financial year i.e. March 31 each year.

In case of unit holders whose email addresses are not available with the Fund, the AMC shall send physical copies of scheme annual reports or abridged summary to those unit holders who have 'opted-in' to receive physical copies. The opt-in facility to receive physical copy of the scheme-wise annual report or abridged summary thereof shall be provided in the application form for new subscribers.

Unit holders who still wish to receive physical copies of the annual report/abridged summary notwithstanding their registration of e-mail addresses with the Fund, may indicate their option to the AMC in writing and AMC shall provide abridged summary of annual report without charging any cost. Physical copies of the report will also be available to the unit holders at the registered offices at all times. For request on physical copy refer relevant disclosures mentioned in the SAI available on AMC website i.e. [www.dspim.com](http://www.dspim.com)

The advertisement in this reference will be published by the Fund in all India edition of atleast two daily newspapers, one each in English and Hindi.

Investors are requested to register their e-mail addresses with Mutual Fund.

## **6. Associate Transactions**

Please refer to Statement of Additional Information (SAI).

## **7. Dashboard**

In accordance with Clause 5.8.4 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, the AMC has developed a dashboard on the website wherein the investor can access information relating to scheme's AUM, investment objective, expense ratios, portfolio details and past performance of each scheme.

## **8. Performance disclosure**

In accordance with Clause 5.9 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, the AMC shall disclose the performance of all schemes on the website of AMFI on a daily basis. The disclosure shall include other scheme AUM and previous day NAV.

## **SO no. 38 9. Risk-o-meter**

In accordance with Clause 5.16.1 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, AMC based on internal assessment shall disclose the following in all disclosures, including promotional material or that stipulated by SEBI:

- a. risk-o-meter of the scheme wherever the performance of the scheme is disclosed
- b. risk-o-meter of the scheme and benchmark wherever the performance of the scheme vis-à-vis that of the benchmark is disclosed.

The portfolio disclosure shall also include the scheme risk-o-meter, name of benchmark and risk-o-meter of benchmark.

Further, as per Clause 17.4.1.i and 17.4.1.j of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, Risk-o-meters shall be evaluated on a monthly basis and Mutual Funds/AMCs shall disclose the Risk-o-meters along with portfolio disclosure for their schemes on AMCs website and on AMFI website within 10 days from the close of each month. Mutual Funds shall also disclose the risk level of schemes as on March 31 of every year, along with number of times the risk level has changed over the year, on AMCs website and AMFI website.

Investors may please note that the Risk-o-meter disclosed is basis internal assessment of the scheme portfolio as on the date of disclosure.

## 10. Investor services

Investors may contact any of the Investor Service Centers (ISCs) of the AMC for any queries / clarifications, may call on 1800-208-4499 or 1800-200-4499 (toll free), e-mail: [service@dspim.com](mailto:service@dspim.com). Mr. Gaurav Nagori has been appointed as the Investor Relations Officer. He can be contacted at DSP Asset Managers Private Limited Natraj, Office Premises No. 302, 3rd Floor, M V Road Junction. W. E. Highway, Andheri - East, Mumbai - 400069, Tel.: 022 - 67178000. For any grievances with respect to transactions through stock exchange mechanism, Unit Holders must approach either stock broker or the investor grievances cell of the respective stock exchange.

Investors may contact the customer care of MFUI on 1800-266-1415 (during the business hours on all days except Sunday and Public Holidays) or send an email to [clientservices@mfuindia.com](mailto:clientservices@mfuindia.com) for any service required or for resolution of their grievances for their transactions with MFUI.

## 11. Taxation

(The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorized dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the Schemes.)

### Income Tax Rates and Withholding Rates (TDS)

Category of units	Tax Rates* under the Act			TDS Rates under the Act		
	Residents	NRI/PIOs & Other Non-resident other than FPI	FPIs	Residents	NRI/PIOs & Other Non-resident other than FPI	FPIs
<b>Short Term Capital Gains<sup>5</sup></b>						
1. Units of a non-equity oriented Scheme other than <sup>1</sup> specified mutual fund	Taxable at normal rates of tax applicable to the assessee	In respect of non-resident non-corporate Taxable at normal rates of tax applicable to the assessee.	30% (u/s 115A D)	Nil	30%* for non-residents non corporates, 40%* for non-resident corporates (u/s 195)	Nil
2. Units of a <sup>1</sup> Specified Mutual Fund acquired prior to 1 April 2023		In respect of non-resident corporates - 40%.				
3. Units of a <sup>1</sup> Specified Mutual Fund acquired on or after 1 April 2023						

Units of an equity oriented Scheme (listed and unlisted)	15% on redemption of Units where STT is payable on redemption (u/s 111A)			Nil	15%* (u/s 195)	Nil
<b>Long Term Capital Gain<sup>§</sup></b>						
1. Listed units of a non-equity oriented Scheme other than 'specified mutual fund 2. Listed Units of a 'Specified Mutual Fund acquired prior to 1 April 2023	20% with indexation, (u/s 112) **	20% with indexation, (u/s 112)**	10% (u/s 115A D) **	Nil	20%* with indexation (u/s 195) **	Nil
1. Unlisted units of a non-equity oriented Scheme other than 'specified mutual fund 2. Unlisted Units of a 'Specified Mutual Fund acquired prior to 1 April 2023	20% with indexation, (u/s 112) **	10% without indexation and no exchange fluctuation** (u/s 112)	10% (u/s 115A D) **	Nil	10%* without indexation & exchange fluctuation (u/s 112) **	Nil
Units of an equity oriented Scheme***	10% without indexation on redemption of Units where STT is payable on redemption (u/s 112A)			Nil	10%* without indexation & exchange fluctuation (exceeding INR 1 lac) <sup>#</sup>	Nil

\*\* Capital gains on redemption of units held for a period of more than 36 months from the date of allotment

\*\*\*Capital gains on redemption of units held for a period of more than 12 months from the date of allotment

§ including in case of consolidation of options under any scheme of a mutual fund (in the absence of any specific exemption provision in the Income-tax Act, 1961)

#With effect from 1 April 2022

#### Income Tax Rates and Withholding Rates (TDS) on income distributed by Mutual Funds

As per Finance Act 2020, any distribution by mutual fund will be taxed in the hands of the Unit Holders.

Distribution by Mutual Fund						
Particulars	Tax Rates* under the Act			TDS Rates under the Act		
	Residents	NRI/PIOs & Other Non-	FPIs	Residents	NRI/PIOs & Other Non-resident	FPIs

		resident other than FPI			other than FPI	
Any distribution by equity/ non-equity fund / 'specified mutual fund	Taxable at normal rates of tax applicable to the assessee	In respect of non-resident non-corporate Taxable at normal rates of tax applicable to the assessee (other than units purchased in foreign currency)  In respect of non-resident (not being company) or foreign corporates - 20%(for units purchased in foreign currency)	20% (u/s 115AD)	10% (u/s 194K)	20%* (u/s 196A) or as per applicable DTAA whichever is lower	20%* (u/s 196D) or as per applicable DTAA whichever is lower

\*plus surcharge and Health and Education cess at the rate of 4% on income tax and surcharge.

Surcharge rates on Capital Gains shall be as per the below table:

Status of Investor	Nature of Gains	Income > 50 lakhs and upto 1 crores(in Rs)	Income > 1 cr and upto 2 cr(in Rs)	Income > 2 cr and upto 5 cr(in Rs)	Income > 5 cr and upto 10 cr(in Rs)	Income exceeding 10 cr(in Rs)
Individuals/HUFs /BOIs/AOPs and Artificial juridical persons	Long term & Short term capital gains on Equity Oriented Funds and ^Long term capital gains on Non-equity oriented funds (other than 'specified mutual funds)	10%	15%	15%	15%	15%
Individuals/HUFs /BOIs/AOPs and Artificial juridical persons	Short term capital gains on Non Equity oriented funds (other than 'specified mutual funds)	10%	15%	25%	@25%	@25%

Individuals/HUFs /BOIs/AOPs and Artificial juridical persons	Capital gains on 'specified mutual funds	10%	15%	25%	@25%	@25%
Firms, Local authorities	All Capital Gains	-	12%	12%	12%	12%
Co-operative societies	All Capital Gains		7%	7%	7%	12
Domestic Company	All Capital Gains	-	7%	7%	7%	12%
** (New regime under section 115BAA)			10%	10%	10%	10%
Foreign Company	All Capital Gains	-	2%	2%	2%	5%

Surcharge and effective TDS rates for income distributed in respect of units of mutual fund shall be as per below table:

Sr. No.	Investor Category	TDS rate	Dividend amount	Surcharge	Cess	Effective TDS rate
1	All Resident Investors (Individual & Non Individual)	10%	Excess of Rs.5000	-	-	10.000%
2	Non Resident Individuals (NRI), FIIs, FPIs & NRIs. AOP (Other than Co-operative Society), BOI, artificial juridical person	20%	0 to 50L	0%	4%	20.800%
			50L to 1 Cr	10%	4%	22.880%
			> 1 Cr to 2 Cr	15%	4%	23.920%
			> 2 Cr to 5 Cr	25%	4%	26%
	> 5 Cr and above	@25%	4%	26.000%		
3	Resident investors without PAN, invalid PAN, PEKRA	20%	Any Amount	-	-	20.000%
4	Non-filers of return <sup>+</sup>	20%	Any Amount	-	-	20.000%
5	FII/ FPI Foreign company	20%	1 Cr to 10 Cr	2%	4%	21.216%
			more than 10 Crore & above	5%	4%	21.84%
6	Non resident (other than company)					
	(a) Co-operative society	20%	1cr to 10cr	7%	4%	22.258%
			More than 10cr	12%	4%	23.296%
(b) Firm	20%	More than 1cr	12%	4%	23.296%	

® Finance Act, 2023 has amended surcharge rates for individuals and HUFs or association of persons [other than a cooperative society], or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 who opt for the new tax regime under section 115BAC. As per the amended section, the maximum rate of surcharge shall be 25% for income computed under section 115BAC of the Income tax Act, 1961 (new tax regime) instead of 37% under normal provisions (Old tax regime). The new tax regime would be the default tax regime from FY 2023-24 onwards.

^The Finance Act, 2022 has levied the surcharge to be at par with Equity Oriented Scheme with effect from 1 April 2022

\*\*In case company opts for new regime of taxation, then the surcharge would be applicable at the rate of 10% irrespective of the taxable income.

!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. Finance Act 2023 has inserted Section 50AA in the Income Tax Act, 1961. As per the said section, with effect from 1 April 2023, gains/losses from units of Specified Mutual Fund would be deemed to be short term capital gain/loss irrespective of period of holding i.e. the definition of holding for more than 36 months to be considered as long term capital asset is withdrawn. This is applicable for all such units which are acquired on or after Apr 1, 2023.

\*The Finance Act 2021 introduced special provisions for higher rate of TDS in case of non-filers of Income tax return (referred to as "specified person"). Specified person does not include a non-resident who does not have permanent establishment in India. Finance Act 2023, with effect from 1st April, 2023, amended the said proviso to also exclude a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the Central Government in the Official Gazette in this behalf.

Any person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIIB (hereafter referred to as deductee), shall furnish his Permanent Account Number to the person responsible for deducting such tax (hereafter referred to as deductor), failing which tax shall be deducted at the higher of the following rates, namely:

- (i) at the rate specified in the relevant provision of this Act; or
- (ii) at the rate or rates in force; or
- (iii) at the rate of twenty per cent.

The aforesaid provision dealing with higher taxation in the absence of furnishing Permanent Account Number shall not apply to a non-resident with effect from 1st June, 2016 on furnishing the following details and documents by such non-resident:

- (i) name, e-mail id, contact number;
- (ii) address in the country or specified territory outside India of which the non-resident is a resident;
- (iii) a certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate;
- (iv) Tax Identification Number of the non-resident in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the non-resident is identified by the Government of that country or the specified territory of which he claims to be a resident.

In case of investments by NRIs in closed ended funds during NFO, at the time of redemption of units, TDS will be deducted at the applicable rate. However, in respect of those Unit Holders who have acquired the units on the Stock Exchange post listing of units, the Unit Holders would need to provide a certificate from a Chartered Accountant certifying the details of acquisition of units to the Fund within two days of maturity of the Scheme, so as to enable the Fund to deduct TDS at the applicable rates. In the event of such details not being provided, the Fund would deduct TDS on the redemption proceeds at the highest rate of TDS applicable.

**For further details on taxation please refer to the clause on Taxation in the SAI.**

#### **Tax Chapter for investment in Overseas securities**

The information is provided for general information only. This information does not purport to be a complete analysis of all relevant tax considerations; nor does it purport to be a complete description of all potential tax costs, tax incidence and risks for the investors. In view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorized dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.

#### **IV. USA securities**

##### **5. General US Taxation Rules with Respect to Foreign Persons**

Generally, US imposes tax on foreign person either on gross basis or on net basis. Foreign persons who are not engaged in a trade or business in the US are subject to US gross withholding tax on US source income which is fixed determinable annual or periodical generally called as FDAP income. A foreign person that is engaged in a US trade or business will be subject to US taxation on effectively connected taxable income (ECTI). In addition to the income tax imposed on ECTI, the US also imposes a branch profits tax on foreign corporations that has branch or permanent establishment in US. The branch profit tax is imposed on deemed remittances of after-tax effectively connected earnings and profits of foreign corporation's US branch or permanent establishment. One can claim reduced tax rate or exemption from tax under US income tax treaty. The below discussion is based on the understanding that the Scheme would be treated as a corporation for US tax purposes. and the investors in the Mutual Fund Scheme are not tax resident of the USA or based in the USA. Thus, as long as the Scheme is treated as a corporation for US tax purposes, the investors in the Scheme should not directly be subject to US tax. For purposes of this discussion, a foreign person is a person who is not a US citizen or US resident for tax purposes and includes a foreign entity that is classified as a corporation for US tax purposes.

##### **6. Investment in US listed companies**

###### **c) US Taxation on Disposition of Shares of US listed Companies**

Subject to the discussion below concerning the taxation of ECTI, generally income from the sale of personal property by a foreign person is not US source income and should not be subject to US taxation. Thus, capital gains received by the Scheme on the disposition of shares of US listed companies, should not be subject to taxation in the US.

Trading in stock or securities is generally not considered US trade or business unless taxpayer is a dealer in stock or securities and effects the trade through US offices directly or through US office of its agent other than independent agent.

However if the Scheme invests in any entities that are treated as partnership for U.S federal income tax purposes and if these partnerships are engaged in a U.S. trade or business, then the Scheme itself would be treated as engaged in such a U.S. trade or business and would likely be required to file a

U.S. income tax return and potentially pay U.S. tax on its distributive share of partnership income. It may also be subject to potential withholding tax with respect to sales of an interest in such partnership.

Gain derived by a non-U.S resident from the disposition of a U.S Real Property Interest (USRPI) may be treated as income that is effectively connected with the conduct of a U.S trade of business and thus subject to U.S federal income tax (and to a requirement to file a U.S. income tax return) under the Foreign Investment in Real Property Tax Act (FIRPTA). A USRPI includes an interest in a US Real Property Holding Company (USRPHC) which generally is defined as a US company whose assets, measured by fair market value, consist of 50% or more of USRPIs at any time during a five-year period. Such income is considered to be ECTI with the conduct of a U.S trade of business and is subject to US taxation. A foreign person who disposes of a USRPI will be subject to a 15% (w.e.f. 16 February 2016) withholding tax on the gross proceeds received and will be required to file a US federal income tax return. The final tax liability on the recognized gain on disposition of the USRPI will be set off by the 15% withholding tax on gross proceeds.

There is an exception that applies to FIRPTA for publicly traded shares of a - Qualified Investment Entity (QIE). The exception provides that if the stock of a QIE is regularly traded on an established securities market located in the USA (e.g., the NYSE), the stock will be treated as a USRPI only in the case of a more than 5% holder (over the course of a 5 year look-back period). The 5% holding is increased to 10% for publicly traded real estate investment trust (REIT). Such exception also applies to the disposition of an interest in a publicly traded partnership (PTP).

Thus, capital gains derived by the Scheme from the sale of regularly traded listed US equities should not be subject to tax in the US provided the Scheme holds an interest of 5% (10% for publicly traded REIT) or less of any class of stock. In cases where the Scheme has held, at any time within the 5-year period ending on the date of disposition, more than 5% (10% for publicly traded REIT) of the shares of a publicly-traded company that is also a USRPI, gain from disposition of such interest is subject to US federal corporate income tax.

If a partnership (including a PTP), is engaged in a U.S. trade or business, and if a non-U.S. partner disposes of the partnership interest, a portion of gain or loss is treated as connected with the conduct of a U.S. trade or business, and is therefore subject to U.S. tax. Such income also generates a requirement to file a U.S. tax return. This provision is not subject to 5% exception as mentioned above for PTPs that are USRPI. US requires 10% withholding if non-U.S. partner disposes of an interest in the partnership. Such tax withheld can be set off against the final tax liability of the partner who sold its interest.

#### **d) Dividend Income**

US source non-effectively connected dividend income received by a foreign person is subject to a 30% withholding tax. Thus US source dividends received by the Scheme from investments in US listed companies should be subject to withholding tax of 30%. Such dividend withholding tax can be reduced pursuant to a double tax treaty as discussed further below.

### **7. Investment in US Mutual Funds (US MF) or Exchange Traded Funds (US ETF)**

#### **a) US Taxation on Disposition of Units of US MF or US ETF**

As discussed above in point 1, generally income from the sale of personal property by a foreign person is not US source income and should not be subject to US taxation. Thus, capital gains received by the Scheme on the disposition of interests in mutual funds and exchange traded funds (ETF), should not be subject to taxation in the US.

However, if the mutual fund or ETF that is sold is a USRPHC, then the gain is considered to be effectively connected with a U.S. trade or business and thus subject to U.S taxation, unless the mutual fund or ETF whose shares are sold is (a) publicly traded and the investor held an interest of 5% or less

in the mutual fund or ETF at all times during the year preceding the sale or (b) the mutual fund is a domestically controlled qualified investment entity.

**b) US Taxation on Income Distribution by US MF or US ETF**

US source non-effectively connected dividend income received by a foreign person is subject to a 30% withholding tax. A mutual fund or ETF that is not subject to the USRPHC - related rules described above may distribute ordinary dividends which should be subject to 30% withholding tax. Dividends designated by a Regulated Investment Company (RIC) (e.g. a mutual fund) as capital gain dividends are treated as long term capital gains in the hands of the shareholders. Except as described above for mutual funds or ETFs that otherwise qualify as USRPHCs, because long-term capital gains are sourced to the domicile of the recipient, such capital gain dividends should not be U.S source if the recipient is a non-U.S person, and thus would not be subject to U.S taxation.

A foreign person or other qualified investment entity by a qualified investment entity to the extent attributable to gain from sales or exchanges by the qualified investment entity of USRPIs, is treated as gain from the sale or exchange of a USRPI by the foreign person unless such distribution is with respect to stock that is publicly traded on a U.S exchange and the foreign person did not own more than 5% (or no more than 10% in the case of a REIT) of such class of stock at any time during the 1-year period ending on the date of distribution. Where the distribution is treated as gain from the sale or exchange of a USRPI, the distribution is treated as income effectively connected to a U.S trade or business, subject to tax at U.S corporate tax rates and withheld on at a rate of 21% of the distribution. The total amount in tax paid should not exceed the liability as determined by applying the U.S corporate rate.

Where distributions from the mutual fund or ETF are characterized as gain from the sale of a USRPI as discussed above, the income is considered effectively connected with the conduct of a U.S trade or business such that the branch profits tax provisions must be considered. The dividend equivalent amounts are subject to withholding tax at a rate of 30%. The dividend equivalent amount is generally equal to a foreign corporation's effectively connected earnings and profits. Generally, gain on disposition of an interest in a USRPHC is excluded from the definition of effectively connected earnings and profits.

**8. Treaty Benefits to the Mutual Fund or ETF:**

It is likely that the Scheme should be considered as a Person under Indian tax laws and so a tax resident of India and so is likely to be eligible to claim the Double Taxation Avoidance Agreement ('the DTAA' or 'the Treaty') benefits between India and the US on the income earned and tax, if any, payable in the US subject to completion of necessary documentations and the Scheme obtaining a tax residence certificate from the Indian tax authorities. As long as the Scheme is treated as a corporation for US tax purposes, the investors in the Scheme should not directly be subject to US tax. The main benefit of the DTAA is that it reduces the US withholding tax amount with respect to certain U.S. source FDAP payments and may exempt ECTI if it is not attributable to a U.S. permanent establishment.

As per the Treaty:

- vi. The Business income earned by the Scheme in the US should not be taxable in the US if the Fund does not have a permanent establishment in the US; If the Scheme has a permanent establishment in the US, then it will be subject to US tax on profits that are attributable to that permanent establishment. US attributes business profits to U.S. permanent establishments of Indian resident corporations under the same ECTI rules applicable to non-treaty residents with respect to the assets and activities conducted in the permanent establishment. A more limited force of attraction rule is also applicable.; The Scheme could be considered to have a permanent

establishment in the US if it invests in a partnership that is engaged in a trade or business in the US;

- vii. Capital gains arising on disposition of USRPIs is taxable in the US as per the US tax laws. There is no exception in the DTAA for US taxation of disposition of USRPIs under the FIRPTA rules;
- viii. In general, dividend income beneficially earned by the Scheme in the US should be taxable at the rate of 25% for portfolio ownership interests below 10%;
- ix. Interest income beneficially earned by the Scheme in the US should be subject to withholding tax at the rate of 15% (to the extent not otherwise exempt under US internal rules such as the portfolio interest exception); and
- x. Any other income should be taxable in the US as per US tax laws.

#### **V. Luxembourg securities**

##### **Taxation on investment in Luxembourg investment funds**

There are no withholding taxes on dividends paid by Luxembourg investment funds. The fund being Non-residing investors (individuals or corporations) are exempt from taxation in Luxembourg on capital gains realized upon sale of their shares in a Luxembourg corporate investment fund (even in cases where they held a substantial shareholding of more than 10%).

#### **VI. Ireland securities**

##### **Taxation on investment in an Irish Fund**

Where a Shareholder is not resident (or ordinarily resident) in Ireland for Irish tax purposes, an Irish Fund should not deduct any Irish tax in respect of the Shareholder's Shares. In order for the non-Irish resident shareholder to be exempt from Irish Investment Undertaking Tax ("IUT"), it must complete the relevant non-resident declaration and provide a copy of that declaration to the Irish Fund. The declaration may also be provided by an Intermediary who holds Shares on behalf of non-Irish Resident Shareholders provided that, to the best of the Intermediary's knowledge, the Shareholders are not resident (or ordinarily resident) in Ireland.

If this declaration is not received by an Irish Fund (and in the absence of written notice of approval from Revenue Commissioners being obtained by the Irish Fund dispensing with the requirement to provide such a declaration), an Irish Fund should deduct Irish tax in respect of the shares held by the non-Irish Resident Shareholder. An Irish Fund should also deduct Irish tax if the Irish Fund has information which reasonably suggests that a Shareholder's declaration is incorrect. A Shareholder will generally have no entitlement to recover such Irish tax. An Irish Fund must be informed if a Shareholder becomes Irish tax resident.

Generally, Shareholders who are not Irish tax resident will have no other Irish tax liability with respect to their Shares. However, if a Shareholder is a company which holds its Shares through an Irish branch or agency, the Shareholder may be liable to Irish corporation tax in respect of profits and gains arising in respect of the Shares (on a self-assessment basis).

In case if the fund is deemed to be a Non-Exempt Shareholders then a Shareholder is subject to tax (e.g. because it has not provided the required non-resident declaration), an Irish Fund should deduct Irish tax on distributions, redemptions and transfers and, additionally, on 'eighth anniversary' events, as described below.

##### ***Distributions from an Irish Fund***

If an Irish Fund pays a distribution to a non-exempt Shareholder, an Irish Fund should deduct Irish tax from the distribution. The amount of Irish tax deducted will be:

3. 25% of the distribution; where the distribution is paid to a shareholder who is an Irish resident company which has made the relevant declaration for the 25% rate to apply.
4. 41% of the distribution in all other cases.

#### *Redemptions and transfer of shares*

If an Irish Fund redeems Shares held by a non-exempt Shareholder, an Irish Fund should deduct Irish tax from the redemption payment made to the Shareholder. Similarly, if a non-exempt Shareholder transfers (by sale or otherwise) an entitlement to Shares, an Irish Fund will account for Irish Investment Undertaking tax in respect of that transfer. The amount of Irish tax deducted or accounted for will be calculated by reference to the gain (if any) which has accrued to the Shareholder on the Shares being redeemed or transferred and will be equal to:

3. 25% of such gain; where the shareholder is an Irish resident company which has made the appropriate declaration for the 25% rate to apply;
4. 41% of the gain in all other cases.

If Shares are not denominated in euro, a Shareholder may be liable (on a self-assessment basis) to Irish capital gains taxation on any currency gain arising on the redemption or transfer of the Shares.

#### *“Eighth Anniversary” Events*

If a non-exempt Shareholder does not dispose of Shares within eight years of acquiring them, the Shareholder will be deemed for Irish tax purposes to have disposed of the Shares on the eighth anniversary of their acquisition (and any subsequent eighth anniversary). On such deemed disposal, an Irish Fund will account for Irish tax in respect of the increase in value (if any) of those Shares over that eight-year period. The amount of Irish tax accounted for will be equal to:

3. 25% of the increase in value of the shares where the Shareholder is a company which has made the appropriate declaration for the 25% rate to apply;
4. 41% of the increase in value in all other cases.

Any Irish tax paid in respect of the increase in value of Shares over the eight-year period may be set off on a proportionate basis against any future Irish tax which would otherwise be payable in respect of those Shares and any excess may be recovered on an ultimate disposal of the Shares.

#### *Share Exchanges*

Where a Shareholder Exchanges Shares on arm’s length terms for other Shares in the Irish Fund and no payment is received by the Shareholder, an Irish Fund should not deduct Irish tax in respect of the exchange.

#### **Stamp Duty on transacting in shares**

No Irish stamp duty (or other Irish transfer tax) will apply to the issue, transfer or redemption of Shares. If a Shareholder receives a distribution in specie of assets from the ICAV, a charge to Irish stamp duty could potentially arise.

#### **Taxation on investment in Irish Exchange Traded Funds (ETFs)**

Similar to active funds, ETFs are exempt from Irish tax on income and gains derived from their investments and are not subject to Irish tax on their net asset value. As such income and gains arising to an ETF are allowed to accumulate gross of Irish tax.

Non-Irish Resident Shareholders do not suffer any Irish tax on the occurrence of a chargeable event (e.g. distribution or redemption) provided that the relevant non-resident declaration has been provided to the fund. If the relevant declaration is not in place the ETF may be obliged to withhold tax at the appropriate rate. However, withholding tax does not need to be applied in the event that shares are held in a recognized clearing system (regardless of whether or not there is a declaration in place).

## SO no. 38 12. Scheme Summary Document

The AMC has provided on its website a standalone scheme document for all the Schemes which contains all the details of the Scheme including but not limited to Scheme features, Fund Manager details, investment details, investment objective, expense ratios, etc. Scheme summary document is uploaded on the websites of AMC, AMFI and stock exchanges in 3 data formats i.e. PDF, Spreadsheet and a machine readable format (either JSON or XML).

### D. COMPUTATION OF NAV

The NAV of the Units of a Scheme will be computed by dividing the net assets of the Scheme by the number of Units outstanding on the valuation date.

NAV of Units under each Scheme may be calculated by either of the following methods shown below:

$$\text{NAV Per Unit (Rs.)} = \frac{\text{Market or Fair Value of Scheme's investments} + \text{Current Assets} - \text{Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Scheme}}$$

SO no. 43 The numerical illustration of the above method is provided below.

Market or Fair Value of Scheme's investments (Rs.) = 11,42,53,650.00  
 Current Assets (Rs.) = 10,00,000.00  
 Current Liabilities and Provisions (Rs.) = 5,00,000.00  
 No. of Units outstanding under the Scheme = 1,00,00,000

$$\text{NAV Per Unit (Rs.)} = \frac{11,42,53,650.00 + 10,00,000.00 - 5,00,000.00}{1,00,00,000} = 11.4754$$

**N.B.:** The aforesaid provisions pertaining to "Calculation of NAV" shall apply in respect of each individual Scheme and/or plan as the case may be. The NAV Per Unit above is rounded off to four decimals.

The NAV will be calculated as of the close of every Business Day.

NAVs will be rounded off to three or four decimal places based on the nature and category of the scheme. The valuation of the Schemes' assets and calculation of the Schemes' NAVs shall be subject to audit on an annual basis and such regulations as may be prescribed by SEBI from time to time.

Note: In respect of Schemes having Growth and IDCW Options, there will be more than one NAV, one for each Option, after the declaration of the first IDCW by that Scheme.

## SECTION IV. FEES AND EXPENSES

This section outlines various expenses that will be borne by the Scheme. The information provided below would assist the investor in understanding the expense structure of the Scheme, types of different fees / expenses and their percentage the investor is likely to incur on purchasing and selling the Units of the Scheme

### A. NFO EXPENSES

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

### B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses incurred for operating the Scheme. These expenses include and are not limited to Investment Management and Advisory Fee charged by the AMC, Registrar's fee, Marketing and selling costs etc., as given in the Table 2 which summarizes estimated annualized recurring expenses as a % of daily net assets of the Scheme.

#### **Operating & recurring expenses under regulation 52 (6) & 52 (6A):**

The Scheme may charge expenses within overall limits as specified in the Regulations except those expenses which are specifically prohibited. The annual total of all charges and expenses of the Scheme shall be subject to the following limits, defined under Regulation 52 of SEBI MF regulations:

**Table 1: Limit as prescribed under regulation 52 of SEBI MF regulations for equity oriented scheme:**

Slab Rates	As a % of daily net assets as per Regulation 52(6) (c)	Additional TER as per Regulation 52 (6A) (b)^
on the first Rs.500 crores of the daily net assets	2.00%	0.30%
on the next Rs.250 crores of the daily net assets	1.75%	0.30%
on the next Rs.1,250 crores of the daily net assets	1.50%	0.30%
on the next Rs.3,000 crores of the daily net assets	1.35%	0.30%
on the next Rs.5,000 crores of the daily net assets	1.25%	0.30%
On the next Rs.40,000 crores of the daily net assets	Total expense ratio reduction of 0.05% for every increase of Rs.5,000 crores of daily net assets or part thereof	0.30%
On balance of the assets	0.80%	0.30%

#### **Notes to Table 1:**

^In addition to expenses as permissible under Regulation 52 (6) (c), the AMC may also charge the following to the Scheme of the Fund under Regulation 52 (6A):

- a. Brokerage and transaction costs which are incurred for the purpose of execution of trade up to 0.12 per cent of trade value in case of cash market transactions and 0.05 per cent of trade value in case of derivatives transactions.

It is clarified that the brokerage and transaction cost incurred for the purpose of execution of trade over and above the said 0.12 percent and 0.05 percent for cash market transactions and derivatives transactions respectively may be charged to the Scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under regulation 52 of the SEBI (Mutual Funds) Regulations, 1996.

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- b. Additional expenses up to 0.30 per cent of daily net assets of the concerned Schemes of the Fund if new inflows from such cities as may be specified by Regulations from time to time are at least:
- 30 per cent of gross new inflows from retail investors\* in the concerned Scheme, or;
  - 15 per cent of the average assets under management (year to date) of the concerned Scheme, whichever is higher.

Provided that if inflows from such cities is less than the higher of (i) or (ii) mentioned above, such expenses on daily net assets of the concerned Scheme shall be charged on proportionate basis.

\* Inflows of amount upto Rs 2,00,000/- per transaction, by individual investors shall be considered as inflows from “retail investors”.

The additional expenses charged shall be utilized for distribution expenses incurred for bringing inflows from such cities. The additional expense charged to the Scheme on account of inflows from such cities shall be credited back to the concerned Scheme in case such inflows are redeemed within a period of one year from the date of investment.

**Note:** Pursuant to the directions received from SEBI vide its letter no. SEBI/HO/IMD-SEC-3/P/OW/2023/5823/1 dated February 24, 2023 read along with AMFI communication dated March 02, 2023, w.e.f March 01, 2023 no additional expense shall be charged on the new inflows received on or after March 01, 2023 from specified cities as per Regulation 52 (6A) (b) till any further guidance is received from SEBI in this regard.

- c. Additional expenses not exceeding 0.05 % of daily net assets of the scheme as per Regulation 52(6A)(c). Provided that such additional expenses shall not be charged to the schemes where the exit load is not levied or applicable

**GST on investment and advisory fees:**

- AMC may charge GST on investment and advisory fees of the Scheme in addition to the maximum limit of TER as per the Regulation 52(6) and (6A).
- GST on expenses other than investment and advisory fees: AMC may charge GST on expenses other than investment and advisory fees of the Scheme, if any within the maximum limit of TER as per the Regulation under 52(6) and (6A).
- GST on brokerage & transaction cost: GST on brokerage and transaction costs which are incurred for the purpose of execution of trade, will be within the limit of expenses as per the Regulation 52(6) and (6A).

**Others:**

In accordance with Clause 10.1.12.(a) of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, all scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall be paid from the scheme only within the regulatory limits and not from the books of the AMC, or by the trustee or sponsors.

Provided that the expenses that are very small in value but high in volume (as provided by AMFI in consultation with SEBI) may be paid out of AMC's books. Such expenses can be paid out of AMC's books at actuals or not exceeding 2 bps of the Scheme AUM, whichever is lower.

Further with regards to the cost of borrowings in terms of Regulation 44(2), the same shall be adjusted against the portfolio yield of the Scheme and borrowing costs in excess of portfolio yield, if any, shall be borne by the AMC.

**Disclosure relating to changes in TER:**

In accordance with Clause 10.1.8 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, the AMC shall prominently disclose TER on daily basis on the website [www.dspim.com](http://www.dspim.com). Further, changes in the base TER (i.e. TER excluding additional expenses provided in Regulation 52(6A)(b), 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods and Services Tax on investment and advisory fees) in comparison to previous base TER charged to any scheme/plan shall be communicated to investors of the scheme/plan through notice via email or SMS at least three working days prior to effecting such change.

The notices of change in base TER shall be updated on the website at least three working days prior to effecting such change Provided that any decrease in TER in a mutual fund scheme due to various regulatory requirements, would not require issuance of any prior notice to the investors.

The prior intimation/notice shall not be required for any increase or decrease in base TER due to change in AUM and any decrease in base TER due to various regulatory requirements.

**A. Illustrative example for estimating expenses for a scheme with corpus of 100 crores:**

The AMC in good faith has estimated and summarized in the below table for each Scheme, the expenses on a corpus size of Rs. 100 crores. The actual total expenses may be more or less than as specified in the table below. The below expenses are subject to inter-se change and may increase/decrease as per actuals, and/or any change in the Regulations.

**Table 2: The estimated total expenses as a % of daily net assets of the Scheme are as follows:**

Sr No.	Indicative Expense Heads	% of daily net assets
(i)	Investment Management and Advisory Fees	Upto 2.00%
(ii)	Fees and expenses of trustees*	
(iii)	Audit fees	
(iv)	Custodian fees	
(v)	RTA Fees	
(vi)	Marketing & Selling expense incl. agent commission	
(vii)	Cost related to investor communications	
(viii)	Cost of fund transfer from location to location	
(ix)	Cost of providing account statements and IDCW redemption cheques and warrants	
(x)	Costs of statutory Advertisements	
(xi)	Cost towards investor education & awareness (at least 0.02 percent)	
(xii)	Brokerage & transaction cost over and above 0.12 percent and 0.05 percent for cash and derivative market trades, respectively.	

Sr No.	Indicative Expense Heads	% of daily net assets
(xiii)	GST on expenses other than investment and advisory fees	
(xiv)	GST on brokerage and transaction cost	
(a)	<b>Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c)</b>	<b>Upto 2.00%</b>
(b)	Additional expenses for gross new inflows from specified cities under regulation 52(6A)(b)	Up to 0.30%

\*The Trusteeship fees as per the provisions of the Trust Deed are subject to a maximum of 0.02% of the average net Trust Funds per annum. It has been decided by the Trustee to charge the Trusteeship Fees in proportion to the net assets of each of the Scheme of the Mutual Fund. The Trustee reserves the right to change the method of allocation of Trusteeship fees for the Scheme, from time to time.

§The nature of expenses can be any permissible expenses including management fees.

The goods and service tax on Investment Management and Advisory fees will depend on the total amount charged as Investment Management and Advisory fees. Currently it is chargeable at 18% on Investment Management and Advisory Fees.

#### Expense Structure for Direct Plan -

Direct Plan will have lower expense ratio than Regular Plan of the Scheme. The expenses under Direct Plan shall exclude the distribution and commission expenses and additional expenses for gross new flows from specified cities under regulation 52(6A)(b). All fees and expenses charged in a direct plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in a Regular Plan.

The above expense structures are indicative in nature. Actual expenses could be lower than mentioned above.

The purpose of the above table is to assist the investor in understanding the various costs & expenses that the investor in the Scheme will bear directly or indirectly.

**For the actual current expenses being charged, the investor should refer to the website of the Mutual Fund.**

#### B. Illustration of impact of expense ratio on scheme's returns:

Particulars	Regular Plan	Direct Plan
Amount invested at the beginning of the year	10,000	10,000
Annual income accrued to the scheme	1,000	1,000
Expenses other than Distribution expenses	75	75
Distribution expenses	25	
Returns after expenses at the end of the year	900	925
% Returns after expenses at the end of the year	9.00%	9.25%

Link for TER disclosure: <https://www.dspim.com/mandatory-disclosures/ter>

#### C. LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the Units or to redeem the units from the Scheme. Load amounts are variable and are subject to change from time to time. For the current applicable structure, investors may refer the website of the AMC [www.dspim.com](http://www.dspim.com) or call at 1800- 200-44-99 (toll free) or may contact their distributor.

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Entry Load - Not Applicable

Exit Load<sup>#</sup> - NIL

<sup>#</sup>Applicable for investments made through normal purchase and SIP/STP/SWP transactions.

Note on load exemptions:

1. No Entry Load will be charged with respect to applications for purchase/additional purchase/switch-in and applications for registration of SIP/STP, accepted by the Mutual Fund.
2. There will be no Exit Load on inter-option switching.
3. No load will be charged on issue of bonus Units and Units allotted on reinvestment of IDCW for existing as well as prospective investors.
4. No exit load shall be levied in case of switch of investments from Direct Plan to Regular Plan and vice versa

Exit load charged shall be credited to the Scheme. The goods and service tax on exit load shall be paid out of the exit load proceeds and exit load net of goods and service tax shall be credited to the scheme.

Investors may note that the Trustee has the right to modify exit load subject to a maximum as prescribed under the SEBI (MF) Regulations. Any imposition or enhancement in the load shall be applicable on prospective investments only. At the time of changing the load structure, the AMC shall consider the following measures to avoid complaints from investors about investment in the scheme without knowing the loads:

- i. Addendum detailing the changes will be attached to the SID and Key Information Memorandum (KIM). The addendum may be circulated to all the distributors/brokers so that the same can be attached to all SIDs and KIMs already in stock.
- ii. Arrangements will be made to display the addendum to the SID in the form of a notice in all the ISCs/offices of the AMC/Registrar.
- iii. The introduction of the Exit Load along with the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and will also be disclosed in the statement of accounts issued after the introduction of such load.

Investors are advised to contact any of the Investor Service Centers or the AMC to know the latest position on Exit Load structure prior to investing in the Scheme.

Exit load charged shall be credited to the scheme. The goods and service tax on exit load shall be paid out of the exit load proceeds and exit load net of goods and service tax shall be credited to the concerned scheme.

#### **D. TRANSACTION CHARGE**

Investors may note that the AMC has discontinued the payment of transaction charges to distributors effective May 01, 2023.

Accordingly, effective May 01, 2023, no transaction charges shall be deducted from the investment amount given by the investor, for transactions / applications received through the distributors (i.e. in Regular Plan) and full investment amount will be invested in the Scheme.

#### **E. STAMP DUTY**

Investors / Unit Holders of all the scheme(s) of DSP Mutual Fund are advised to take note that, pursuant to notification no. S.O. 4419(E) dated December 10, 2019 read with notification no. S.O. 115(E) dated January 08, 2020 and notification no. S.O. 1226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, applicable stamp duty would be levied on mutual fund investment transactions with effect from July 1, 2020.

Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchases, switch-ins, SIP/STP installments, (including reinvestment of IDCW) to the unit holders would be reduced to that extent.

#### **F. WAIVER OF LOAD FOR DIRECT APPLICATIONS**

Pursuant to Clause 10.4.1 of the Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, no entry load shall be charged for all mutual fund schemes. Therefore, the procedure for waiver of load for direct applications is no longer applicable.

#### **SECTION V. RIGHTS OF UNITHOLDERS**

Please refer to SAI for details.

#### **SECTION VI. PENALTIES AND PENDING LITIGATION**

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

1. Details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to shareholders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years

NONE

2. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party:
  - An Adjudication Order dated December 29, 2022 has been issued in the matter of practice of charging total expense ratio to AMC books by DSP Mutual Fund in case of DSP Nifty 50 ETF. Pursuant to said order, a monetary penalty of Rs. One lakh each has been imposed on DSP Investment Managers Private Limited and DSP Trustee Private Limited which was paid on January 30, 2023 and January 27, 2023, respectively.
3. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party:
  - On January 21, 2020, , the AMC filed a plaint in the Honorable High Court of Judicature at Bombay, Ordinary Original Civil Jurisdiction in its Commercial Division a suit for infringement

of trademark and passing off (Category Code no.1017 Act Code No.87) against DSP Realty, a proprietary concern of Shrikant Bhausahub Pawar ('Defendant'). The mentioned suit was filed inter-alia for the acts of infringement, passing off and damages by the Defendant, whose trade mark is deceptively similar to the AMC's registered DSP marks. On February 04, 2020, the Honorable High Court granted ad-interim relief restraining the Defendant from using of trademark. The matter is now at hearing stage and the AMC is awaiting an intimation in relation to the hearing date from the High Court.

- AMC holds non-convertible debentures issued by Accelerating Education and Development Private limited (AEDPL), a Resonance group entity vide Debenture Trust Deed dated November 10, 2016. AEDPL defaulted in repayment of redemption amount. AMC filed a petition under section 9 of the Arbitration and Conciliation Act, 1996 before the Delhi High Court seeking interim reliefs inter alia in the nature of non-alienation of assets for securing the entire amount of Rs. 144,76,82,011/- due and payable by Resonance Group to AMC. The Delhi High Court was pleased to issue notice to the petition under section 9. AEDPL and other Resonance group entities have undertaken not to alienate their assets. The pleadings stand completed and the matter is ripe for arguments. The matter is listed for hearing on 18th July 2023.

4. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency

NONE

#### **Undertaking from Trustees**

The Trustees have ensured that DSP Multi Asset Allocation Fund, approved by them, is a new product offered by DSP Mutual Fund and is not a minor modification of any existing scheme/fund/product. DSP Multi Asset Allocation Fund has been approved by the Trustees vide Resolution dated April 20, 2023.

**Notwithstanding anything contained in this SID, the provisions of the SEBI (MF) Regulations, 1996 and the guidelines there under shall be applicable.**

Place: Mumbai

Date: September 01, 2023

For DSP Trustee Private Limited  
Trustee: DSP Mutual Fund

Sd/-  
Shitin D.Desai