



### **Statement of Additional Information**

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

This SAI is dated February 27, 2026

#### **SPONSOR**

Shriram Credit Company Limited  
CIN: U65993TN1980PLC008215

#### **Registered Office**

Shriram House, No. 4, Burkit Road, T. Nagar, Chennai-600 017, Phone : 91-44-49052500, Fax : 91-44-49052696

#### **TRUSTEE**

Shriram Trustees Limited Shriram House, No. 4, Burkit Road, T. Nagar, Chennai - 600 017 Phone : 91-44-49052500/2501, Fax : 91-44-49052696/97

#### **INVESTMENT MANAGER**

Shriram Asset Management Company Limited  
CIN: L65991MH1994PLC079874

#### **Registered Office**

217, 2nd Floor, Swastik Chambers, Near Junction of S.T. & C.S.T. Road,Chembur, Mumbai - 400 071, India

#### **Administrative HO**

511-512, Meadows, Sahar Plaza, J. B. Nagar, Andheri (East), Mumbai - 400 059  
Phone: 91-22-6947 2400

Email ID: [info@shriramamc.in](mailto:info@shriramamc.in), Website: [www.shriramamc.in](http://www.shriramamc.in)

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

### A. Constitution of the Mutual Fund

Shriram Mutual Fund ("the Mutual Fund" or "the Fund" or "the MF") has been constituted as a trust on May 27, 1994 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with Shriram Credit Company Limited, as the Sponsor and Shriram Trustees Limited as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on November 21, 1994 under Registration Code MF/017/94/4.

### B. Sponsor

Shriram Mutual Fund is sponsored by Shriram Credit Company Limited. The Sponsor is the Settlor of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1 Lakh to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

#### Financial Performance of the Sponsor (past three years):

Particular	31-03-2025	31-03-2024	31-03-2023
Net Worth	1,89,65,72,738.68	1,88,38,40,533	1,84,89,81,444
Total Income	33,00,93,358.00	40,03,61,591	55,60,87,529
Profit after tax	1,63,95,941.68	3,52,23,937	-2,69,79,584
Assets under Management	1,82,20,71,280.00	1,85,64,43,074	1,93,82,53,162

### C. The Trustee

Shriram Trustees Limited (the "Trustee"), shall discharge its obligations as trustee of the Shriram Mutual Fund. The Trustee shall ensure that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC. On September 03, 2024, Shriram Credit Company Limited ("SCCL", Sponsors of the Fund) has incorporated a Public company, named Shriram Trustees Limited ("Trustee Company"), to act as the "trustees" of the Fund, in place of the existing structure of Board of Trustees and with effect from November 27, 2024, the Trustee Company has assumed the trusteeship responsibilities of Shriram Mutual Fund.

#### Details of Trustee Directors:

Name	Age/Qualification	Brief Experience
Mr. Ramamirtham Thiagarajan (Chairman and Independent Director –)	63 Years B.Com, F.C.A, F.C.S	Mr. Ramamirtham Thiagarajan holds a Bachelor's Degree in Commerce. He is also a qualified Chartered Accountant and a Company Secretary and is a fellow member of the Institute of Chartered Accountants of India and a fellow member of the Institute of Company Secretaries of India. He had the privilege of holding a senior position in a corporate company for a decade and thereafter in practice as a chartered accountant for more than 25 years. Mr. Thiagarajan has an overall experience of more than 36 years in his professional career. He has been advising on Tax, Company Law and other legal matters to many corporates. He is also a member on the Board of other companies as Director.
Mr. K.E. Ranganathan (Independent Director)	63 Years B.Com., A.C.A., A.C.S.	Mr. K.E. Ranganathan holds a Bachelor's Degree in Commerce. He is also a qualified Chartered Accountant and a Company Secretary, and is an associate member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. Mr. K.E. Ranganathan has over 40 years of experience in his corporate career across diverse industries like automobiles, white goods, bathroom products, food ingredients, construction, infrastructure, facility management, pharma retail and restaurants QSRs in TVS and Murugappa Groups. Mr. Ranganathan had the privilege of holding senior level positions – like MD of TVS Electronics, CFO & Company Secretary of TVS Whirlpool, MD of Parryware Roca, MD of Coromandel Engineering, Parry Infrastructure, Group CEO of Diversified Business Group of Murugappa – leading companies like Parry Infra, Coromandel Engineering, Parry Agro, Parry Enterprises etc.

Mrs. Vani Narayanan (Associate)	67 Years B.Sc (Hons), PGDM (IIM, Bangalore)	Mrs. Vani Narayanan has over 35 years of experience in financial services entities including commercial banks, leading Development Financial Institution in India (IDBI) and NBFCs.
Mrs. Geetha Ravichandran (Independent Director)	61 years, MA	Geetha Ravichandran is an IRS officer of the 1987 batch. She has vast experience in the department across verticals including assessments, appeals, representation in the Income Tax Appellate Tribunal, Investigation and Administration. She has handled large corporate assessments including that of banks and multinational corporations. She has carried out several key investigations of corporations and search and seizure operations in sensitive cases. As Chief Commissioner of Income Tax (International Tax and Transfer Pricing) Mumbai she has dealt with significant and complex issues of International Tax and Transfer Pricing (IT&TP). She was part of Dispute Resolution Panel (DRP) adjudicating IT &TP in issues at Bengaluru. Several orders passed by her as CIT (A) and CIT (TDS) have been included in 'Let us Share', a departmental publication of best practices. She has been part of technical committees and has chaired the committee on policy of Faceless Assessment and Appeals in 2021, which attempted to make the newly introduced faceless scheme more effective for stakeholders. She has held leadership roles in the Department and retired as Principal Chief Commissioner of Income Tax (Mumbai).
Mrs. Subbalakshmi Mahesh Shirali	59 years, M.Com	Mrs. Subbalakshmi M. Shirali has overall 37 years of experience in banking and financial services with expertise in strategy, governance, risk management, compliance, credit, operations and digital transformation. She has served as Managing Director & CEO of TJSB Sahakari Bank Ltd. She is currently an Industry Advisor with Tata Consultancy Services. She has been a member of the RBI Working Group for securing card based transactions and has contributed to banking policy at the national level. She was recognised for her leadership by the CIO Magazine and has featured in the "1000 Women Leaders – The List 2024". She holds professional certifications in CISA, CISM and CAIIB.

## DUTIES & RESPONSIBILITIES OF TRUSTEES

Pursuant to the Trust Deed dated - May 27, 1994 (as amended from time to time) constituting the Mutual Fund and in terms of the Regulations, the rights, obligations, responsibilities and duties of the Trustees are as follows:

1. The trustees and the asset management company shall with the prior approval of the Board enter into an investment management agreement.
2. The investment management agreement shall contain such clauses as are mentioned in the Fourth Schedule and such other clauses as are necessary for the purpose of making investments.
3. The Trustee shall have a right to obtain from the AMC such information as is considered necessary by it.  
The Trustee shall approve the policy for empanelment of brokers by the AMC and shall ensure that the AMC has been diligent in empaneling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
4. The Trustee is required to ensure that the AMC has not given any undue or unfair advantage to any associate or dealt with any of the associates of the AMC in any manner detrimental to the interests of the Unitholders.
5. The Trustee is required to ensure that the transactions entered into by the AMC are in accordance with the Regulations and the Scheme.
6. The Trustee shall ensure that the AMC has been managing the Scheme(s) independently of other activities and has taken adequate steps to ensure that the interest of investors of one scheme are not compromised with those of any other scheme or of other activities of the AMC.
7. The Trustee is required to ensure that all the activities of the AMC are in accordance with the provisions of the Regulations.
8. Where the Trustee has reason to believe that the conduct of the business of the Fund is not in accordance with these Regulations

and the Scheme it is required to take such remedial steps as are necessary by it and to immediately inform SEBI of the violation and the action taken by it.

9. Each Director shall file details of his transactions in securities, within the time and manner as may be specified by the Board from time to time.

10. The Trustee is accountable for and is required to be the custodian of the Fund's property of the respective Scheme and to hold the same in trust for the benefit of the Unitholders in accordance with the Regulations and the provisions of the Trust Deed.

11. Trustee is required to take steps to ensure that transactions of the Fund are in accordance with provisions of the Trust Deed.

12. The Trustees shall ensure that the income calculated by the asset management company under sub-regulation (25) of regulation 25 of these regulations is in accordance with these regulations and the trust deed.

13. The Trustee is required to obtain the consent of the Unitholders of a Scheme :

i. When the Trustee is required to do so by SEBI in the interest of the Unitholders of that Scheme, or

ii. Upon a requisition made by three-fourths of the Unitholders of any Scheme under the Fund for that Scheme, or

iii. When the majority of the Trustees decide to wind up a scheme in terms of clause (a) of sub regulation (2) of regulation 39 or prematurely redeem the units of a close ended scheme.

14. The Trustees shall ensure that no change in the fundamental attributes of any scheme, the fees and expenses payable or any other change which would modify the scheme and affect the interest of the unit holders is carried out by the asset management company, unless it complies with sub-regulation (26) of regulation 25 of these regulations.

15. The Trustee is required to call for the details of transactions in securities by the directors and key personnel of the AMC in their own names or on behalf of the AMC and report the same to SEBI as and when called for.

16. The Trustees shall quarterly review all transactions carried out between the mutual funds, asset management company and its associates.

17. The Trustees shall on a quarterly basis review the networth of the asset management company to ensure compliance with the threshold provided in clause (f) of sub-regulation (1) of regulation 21 on a continuous basis.

18. The Trustees shall periodically review the service contracts relating to custody arrangements and satisfy themselves that such contracts are executed in the interest of the unit holders.

19. The Trustee is required to ensure that there is no conflict of interest between the manner of deployment of its net worth by the AMC and the interest of the Unitholders. 20. The Trustee is required to periodically review the investor complaints received and the redressal of the same by the AMC.

20. The Trustee is required to abide by the Code of Conduct as specified in the PART-A of Fifth Schedule of the Regulations.

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

22. The Trustee has to furnish to SEBI on a half yearly basis :

i. a report on the activities of the Fund;

ii. a certificate stating that the Trustees have satisfied themselves that there have been no instances of self-dealing or front running by any of any of the trustees, directors and key personnel of the AMC;

iii. a certificate to the effect that the AMC has been managing the Schemes independently of any other activities and in case any activities of the nature referred to in clause (b) of Regulations 24 have been undertaken, the AMC has taken adequate steps to ensure that the interest of the Unitholders is protected.

23. The Independent Trustees referred to in sub-regulation (5) of Regulation 16 shall give their comments on the report received from the AMC regarding the investments by the Mutual Fund in the securities of group companies of the Sponsor.

#### **A. General Due Diligence:**

1. The Trustee shall be discerning in the appointment of the directors of the Asset Management Company.

2. The Trustee shall review the desirability of continuance of the AMC if substantial irregularities are observed in any of the Schemes and shall not allow the AMC to float any new Schemes.

3. The Trustees shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.

4. The Trustee shall ensure that all service providers are holding appropriate registrations from SEBI or the concerned regulatory authority.

5. The Trustee shall arrange for test checks of service contracts.

6. The Trustee shall immediately report to SEBI of any special developments in the mutual fund.

#### **B. Specific Due Diligence:**

1. The Trustee shall :

i. Obtain internal / concurrent audit reports at regular intervals from independent auditors appointed by the Trustee.

ii. Obtain compliance certificates at regular intervals from the AMC.

iii. Hold meeting of Trustees more frequently and at least six such meetings shall be held in every year

iv. Consider the reports of the independent auditor and compliance reports of the AMC at the meetings of the Trustee for appropriate action.

v. Maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings.

vi. Prescribe and adhere to the code of ethics by the Trustees, AMC and its personnel.

vii. Communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.

C. The trustees shall also exercise due diligence on such matters as may be specified by the Board from time to time.

24. Notwithstanding anything contained under paras (1) to (25) as mentioned above, the trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.
25. The independent directors of the Board of Trustees or asset management company shall pay specific attention to the following, as may be applicable, namely:
- i. The Investment Management Agreement and the compensation paid under the agreement.
  - ii. Service contracts with associates; whether the AMC has charged higher fees than outside contractors for the same services.
  - iii. Selection of the AMC's independent Directors
  - iv. Securities transactions involving associates to the extent such transactions are permitted.
  - v. Selecting and nominating individuals to fill independent directors' vacancies.
  - vi. Ensure that the Code of Ethics is designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
  - vii. Ensure the reasonableness of fees paid to Sponsor, the AMC and any others for services provided.
  - viii. Review principal underwriting contracts and their renewals.
  - ix. Review any service contract with the associates of the AMC

### **Trustee's Supervisory Role:**

During the FY 2024-25, 5 meetings of the Board of Trustees were held and post incorporation of Shriram Trustees Limited, 4 meetings were conducted. The Trustee's supervisory role would be discharged inter alia by reviewing the activities of the Asset Management Company through perusal of the Half-Yearly and Annual Accounts of the Fund and the Bi-monthly, Quarterly and Half-Yearly compliance reports. Further, an Audit Committee of the Trustee would be set up which reviews reports being submitted by the Internal Auditors of the Fund.

### **CORE RESPONSIBILITIES OF THE TRUSTEES:**

As per Regulation 18(25)(C) of MF Regulations, the Trustees shall exercise due diligence on such matters as may be specified by the SEBI from time to time. In terms of the said Regulation 18 (25)(C), the Trustees shall exercise independent due diligence on certain "core responsibilities", which are specified as under:

- a) The Trustees shall ensure the fairness of the fees and expenses charged by the AMCs.
- b) The Trustees shall review the performance of AMC in its schemes vis-à-vis performance of peers or the appropriate benchmarks.
- c) The Trustees shall ensure that the AMCs have put in place adequate systems to prevent mis-selling to increase assets under their management and valuation of the AMCs.
- d) The Trustees shall ensure that operations of AMCs are not unduly influenced by the AMCs Sponsor, its associates and other stakeholders of AMCs.
- e) The Trustees shall ensure that undue or unfair advantage is not given by AMCs to any of their associates/group entities.
- f) The Trustees shall be responsible to address conflicts of interest, if any, between the shareholders /stakeholders /associates of the AMCs and unitholders.
- g) The Trustees shall ensure that the AMC has put in place adequate systems to prevent misconduct including market abuse/misuse of information by the employees, AMC and connected entities of the AMCs.
  - The Trustees shall take steps to ensure that there are system level checks in place at AMCs' end to prevent fraudulent transactions including front running by employees, form splitting/ mis-selling by distributors etc. The Trustees shall review such checks periodically.
  - The Trustees and their resource persons shall independently evaluate the extent of compliance by AMCs vis-à-vis the identified key areas and not merely rely on AMCs' submissions /external assurances.
  - AMCs shall put in place suitable mechanisms/systems to generate system based information/data/reports for evaluation and effective due diligence by the Trustees. AMCs shall provide alerts based automated reports to the Trustees as may be required by the Trustees.
  - The Trustees shall ensure that suitable mechanisms/systems are put in place by the AMCs to generate system-based information/data/reports for evaluation and effective due diligence by the Trustees. The Trustees shall also ensure that the AMCs periodically review such systems.
  - AMCs shall submit exception reports/analytical information to the Trustees, that add value to the process of exercising their oversight role. The Trustees shall evaluate the nature and adequacy of the alerts and the manner of dealing with such alerts by AMCs.
  - The Trustees shall require the AMCs to furnish, in a true and fair manner, reports and alerts based on predecided parameters including but not limited to the areas specified as core responsibilities at para 4.1.1 above, for taking appropriate action.
  - The Trustees shall periodically review the steps taken by AMCs for folios which do not contain all the Know Your Client (KYC) attributes / updated KYC attributes and ensure that the AMCs take remedial steps necessary for updating the KYC attributes especially pertaining to bank details, PAN, mobile phone number.

#### D. Asset Management Company ("AMC"):

Shriram Asset Management Company Limited is a public limited company incorporated under the Companies Act, 1956 on July 27, 1994, having its Registered Office at 217, 2nd Floor, Swastik Chambers, Near Junction of S.T. & C.S.T. Road, Chembur, Mumbai - 400071. Shriram Asset Management Company Limited has been appointed as the Asset Management Company of the Shriram Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated September 16, 1994, and executed between Shriram Trustees Limited and Shriram Asset Management Company. Additionally, Shriram Asset Management Company Limited has received the SEBI Portfolio Management Services (PMS) license on July 01, 2024.

#### Shareholding pattern of the AMC :\*

Sr. No.	Name of Shareholder	No. of shareholders	Details of Shares held	
			No. of Shares held	As a % of Grand Total
<b>A</b>	<b>Shareholding of Promoter and Promoter Group</b>			
	Shriram Credit Company Limited	1	81,42,536	62.55
	<b>Total shareholding of Promoter and Promoter Group</b>	<b>1</b>	<b>81,42,536</b>	<b>62.55</b>
<b>B</b>	<b>Public Shareholding</b>			
	<b>Institutions</b>			
	Central Government/State Government(s)/President of India	-	-	-
	<b>Non-Institutions</b>			
	Resident Individuals			
	Individual holding nominal share capital up to Rs. 2 lacs	2440	804057	6.18
	Individual holding nominal share capital in excess of Rs. 2 lacs	11	824530	6.33
	<b>Any Others (Specify)</b>			
	Clearing Members	7	48784	0.37
	Non Resident Indians	24	9263	0.07
	HUF	60	46385	0.36
	Bodies Corporate	28	3100717	23.82
LLP	10	40602	0.32	
Trusts	-	-	-	
Key Managerial Personnel	1	1	0.00	
	<b>Total Public shareholding (B)</b>	<b>2581</b>	<b>4874339</b>	<b>37.45</b>
	<b>Total (A)+(B)</b>	<b>2582</b>	<b>13016875</b>	<b>100.00</b>

\*As on 31st March, 2025

Shareholding Pattern of the AMC post completion of change in Control of Shriram Asset Management Company Limited:

Sr. No.	Shareholder Category	Company	
		Number of Shares	Shareholding Percentage on a fully diluted basis
<b>A.</b>	<b>Promoter:</b>		
	Shriram Credit Company Limited	81,42,580*	48.17%
	<b>Foreign Promoter:</b>		
	Sanlam Emerging Markets (Mauritius) Limited	38,88,889	23.00%
	<b>Sub Total (A)</b>	<b>1,20,31,425</b>	<b>71.17%</b>
<b>B.</b>	<b>Public</b>	48,74,295	28.83%
	<b>Sub Total (B)</b>	<b>48,74,295</b>	<b>28.83%</b>
	<b>Grand Total (A+B)</b>	<b>1,69,05,764</b>	<b>100.00%</b>

Shriram AMC has completed a preferential allotment of **38.89 lakh equity shares** to **Sanlam Emerging Markets (Mauritius) Limited (SEMM)**, a division of Sanlam Group, raising ₹105 crore in growth capital. With this allotment and the mandatory open offer, SEMM now holds a **23% direct stake** in India's first listed AMC and joins as a **co-promoter** alongside existing promoter **Shriram Credit Company Limited (SCCL)**. As a result, total promoter shareholding has increased from **62.55% to 71.17%**.

\* Includes 44 Equity Shares tendered by the Public Shareholders pursuant to Open Offer as per SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

#### Detail of Asset Management Company Directors:

Name	Age & Qualification	Brief Experience
Mr. Ramamurthy Vaidyanathan - Independent - (Chairman)	73 Years BSC Statistics - Loyola College Madras, M Stat-Indian Statistical Institute, Doctorate in Management - IIM Calcutta	Mr. Ramamurthy Vaidyanathan is two times Fulbright scholar and a Fellow of ICSSR-Visiting Faculty at various universities in USA/UK, he has been selected by Business today as one of the ten best professors at all IIMS. He has the rare privilege of being in various committees of regulators like SEBI/RBI/IRDA/PFRDA. He is consultant to many organizations and is on the Board of many Corporates. He has been conferred Life Contribution award by Asia Pacific Risk and Insurance Association [APRIA] and KYBO LIFE in 2019. He is on the Advisory council of Vivekananda International Foundation [VA]. He was a member of "National Security Advisory Board" under National Security Council [2019/20]. Currently he is Cho Ramaswamy Chair Professor in Public Policy at Sastra University Tanjore-Tamil Nadu and Emeritus Adjunct professor of Rashtriya Raksha University [RRU] an institution of national importance at Ahmedabad.
Mr. Kartik Jain – Associate - (Managing Director and Chief Executive Officer)	54 Years B.Tech Degree from IIT Bombay and a PGDM from IIM Calcutta. He is a British Chevening Scholar	Mr. Kartik Jain has a work experience of nearly three decades of which the last two have been in the Banking and Insurance sector in senior leadership roles. Through his career he has led teams across a range of functions including Sales & Distribution, Marketing, Product Management, Analytics, Strategy, Wealth and Digital Business across BFSI, Consulting and Consumer Goods. He has worked with leading Indian and multinational organizations including Cadbury, KPMG, ICICI Lombard, HDFC Bank and DBS Bank, and has focused on creating and driving businesses that specifically leverage data, customer experience and digitalplatforms to create value.
Mr. Gaurav Makarand Patankar - Non-Executive and Non-Independent	47 Years BE (Electronics and Telecommunications), M.B.A. in Finance and Strategy, Ph.D. in Social and Political Sciences	Mr. Gaurav is an institutional investment professional focused on emerging markets, alternatives and impact investing. He is co-founder of Niyogin. He is a firm believer that the democratization and digitization of the Indian SME sector is the single biggest transformational opportunity within the Indian markets. Over his 27 years career, Mr. Gaurav has led investment and research teamsat large institutional platforms such as Bloomberg, Bank of America, BNY Mellon, Lockheed Martin, Citi, Millennium Partners and M&T Bank. Prior to his investment career, Mr. Gaurav co-founded Information Interface India Private Limited (Promoter of Niyogin).
Mrs. Subhasri Sriram - Non-Executive and Non-Independent Director	56 Years M.Com, FCMA, FCS, PG Diploma in System Management, PG Diploma in Cyber Laws	Mrs. Subhasri Sriram has nearly 3 decades of professional experience including 25 years in Shriram Group's Finance Services business. She held the position of CFO for 18 years in listed companies viz as Executive Director and CFO of Shriram City Union Finance Ltd (SCUF) for 15 years and as Executive Director and CFO of Take Solutions Ltd for 3 years. She has handled many critical assignments related to implementing new organization structures, improving business processes, raising several rounds of equity from marquee investors across globe and raising external commercial borrowings. During her tenure in SCUF, she has contributed mainly to raise debt funds for the development and growth of the Company. In her stint in Take, she has completed \$50 million fund raising, preferential allotment at the listed entity, sale of supply chain vertical and re-positioned the company as unique player in life science space in the Indian Capital Market. She has won the "Best Performing CFO in the NBFC Sector" for 2013 at the 8 <sup>th</sup> edition of the awards instituted by as a leading business television channel CNBCTV 18 and in 2016 she was also chosen as one of the most influential CFOs in India by CIMA. She is a Director in Shriram Credit Company Limited, Social Worth Technologies Private Limited, Shriram Asset Reconstruction Private Limited, Shriram Capital Private Limited, Early salary Services Private Limited, TVS Electronics Limited and Shriram Life Insurance Company Limited.

<p>Mr. K.V. Eapen – Non-Executive and Independent Director</p>	<p>65 Years BA (Honours) in Economics from St Stephen's College, Delhi. MA in Economics from Delhi School of Economics. PG Diploma in Management from MDI Gurgaon as part of the National Management Programme. MSc in Macroeconomic Policy and Planning for Developing Countries from University of Bradford, United Kingdom.</p>	<p>Mr. K.V. Eapen is an IAS officer (retired) of the 1984 batch. He has a total experience in Government of 35 years, of which, postings in Govt of India have included as Joint Secretary (Banking) in the Department of Financial Services and as Secretary in the Ministry of Personnel, PG and Pensions in the Department of Administrative Reforms and Public Grievances and Department of Pensions and Pensioners' Welfare. He held additional charge as Secretary, Ministry of Statistics and Programme Implementation. He has been a Director in the Department of Commerce (DoC) Ministry of Commerce &amp; Industry, Director (Vigilance) in the Department of Personnel and Training (DoPT) and Deputy Secretary in Ministry of Civil Aviation and Tourism. As part of his duties, he was the Rapporteur for the High Power Committee to examine the launch of digital payments in India during 2008-2011. Further, he was deputed as Senior Advisor to the Executive Director, looking after Bangladesh, Bhutan, India and Sri Lanka at the International Monetary Fund (IMF), in Washington (DC), US between 2011 and 2014. He represented India in the G-20 International Financial Architecture framework during this period. His work in the IMF also involved coordination with other constituencies on common issues involving the G-20, BRICS and G-24 groupings of developing countries during 2011-2014. He has also worked as Additional Chief Secretary/ Principal Secretary to Govt. of Assam in Departments of Finance, Power, Planning and Development, Forests and Environment, Labour, etc. during 2014-2017. He was in 2017 to 2019 the Director General, National Centre for Good Governance which replicates good governance practices across Central and State Government Departments. He was also the Chairman of a Committee to suggest changes in the New Pension Scheme. After retiring from the Government, he was appointed as Administrative Member at Central Administrative Tribunal Ernakulam Bench Kochi from 2020 to 2024. He has also, during his service in government functioned as government nominee director on the Boards of Union Bank of India and IFCI Ltd, a PSU NBFC. He has been on the board of NABARD, a RBI sponsored bank for financing Agriculture and Rural Development initiatives. He was Chairman of Board of Directors of the government owned power sector utilities in Assam as well as government nominee director on boards of various public sector corporations in Assam and Meghalaya while working in the State government.</p>
<p>Mrs. Uma Shanmukhi Sistla - Non-Executive and Independent Director</p>	<p>61 Years Science graduate and a Certified Associate of Indian Institute of Bankers MBA in Banking and Finance Certified Financial Planner (2011) from FPSB India</p>	<p>Mrs. Uma Shanmukhi Sistla is a Career banker with ~40 years of experience with State Bank of India and Group Companies. At the time of retirement, she was in the grade of Chief General Manager in State Bank of India and was heading SBI-SG Global Securities Services Pvt Ltd (SBI-SG) as its MD &amp; CEO. SBI-SG is into providing custody, clearing, fund accounting and other securities services to FPIs, MFs, AIFs etc. She began her career with State Bank of Hyderabad in 1983 and joined State Bank of India as a Probationary Officer in 1987. She has wide experience spanning ~41 years, in various areas of Banking, covering Branch Operations, Credit Management, Consumer Banking, SME Finance, International Banking, Training, Research, e-course development, Investment Banking, Investor relations, ALM, Financial Control. She also has exposure to Bank's International operations, owing to a 2 year stint at SBI's Frankfurt Branch. Mrs. Uma Shanmukhi Sistla has served as a Whole time Director of SBI Capital Markets Limited for a period of two years and was a Director on the Boards of the group companies viz. SBICAP Securities Ltd, SBICAP Ventures Ltd, SBICAP Trustee Company Ltd, SBICAP UK &amp; SBICAP Singapore. Overall, she has 7 years of experience in Investment Banking and Asset services. She takes keen interest in Capital Markets businesses and was also honoured by Equalifi as one among the "Top 100 Women in Finance" during 2020.</p>
<p>Mr. Pragadasan Shanmugam Non-Executive and Non-Independent Director</p>	<p>52 years B.Sc (Hons) University of Natal Durban MBA Buckinghamshire Chilterns University</p>	<p>Mr. Pragadasan Shanmugam has been serving as CEO for Alternatives at Sanlam Investments since July 2018. Prior to this he was Executive Head for the Empowerment Finance division within Sanlam Capital Markets, a role he held from June 2016. The focus of this division was providing financing solutions for empowerment companies in both listed and unlisted capital markets. Prior to that he held the role of Head: Equity Structuring from November 2004 to May 2016. He was with Sanlam's Capital Markets business for 13 years He has nearly two decades of experience in financial markets structuring and financing transactions across industries utilising loans, bonds, shares, preference shares, derivatives and foreign exchange. He holds an MBA from Buckingham Chilterns University and a BSC (Honours) in Mathematical Statistics from the University of KwaZulu-Natal.</p>

<p>Ms. Roopa Venkatkrishnan - Non-Executive and Independent Director</p>	<p>58 years B.Com (Gujarat University)</p>	<p>Ms. Roopa Venkatkrishnan is India's one of the leading behavioral Investment Counsellor, known for her simple yet unique approach in creating financial abundance for her clients by constructing sound portfolio's and building strong personal relationships. She started her career in financial services industry in 1991 and began her entrepreneurial journey in 2003. She has been impacting lives of her diverse set of clients placed across the continuum of economic strata and financial background. She takes pride in creating HNIs and spreading financial literacy across all sections of the society. She currently serves over 1,800 Families with asset of about Rs. 2,100 Crores.</p>
<p>Ms. Gayathri Krishna - Non-Executive and Independent Director</p>	<p>57 years Post Graduate in Mass Communication (Bangalore University) Graduate Degree in Science (Bangalore University)</p>	<p>Ms. Gayathri Krishna is a Technology leader with 30 years of global experience, specializing in System Integration, Managed Services, and Product Development for Digital Banking, Core Banking and Technology Transformation. Proven expertise in setting up and scaling Managed Services and System Integration for global banks and financial institutions, ensuring SLA adherence, operational excellence, and talent management. Adept at working in cross-cultural environments, having led large, diverse teams across India, the US, Europe, the Middle East, Africa and ASEAN. Skilled in engaging with CXOs building strong client relationships, and driving business growth through technology-driven solutions.</p> <p>A strategic leader with hands-on experience in delivering complex technology solutions, managing multi-million-dollar P&amp;L portfolios, and optimizing IT operations. Deep expertise in Managed Services, System Integration, Cloud Transformation, Tech Debt Remediation, and Modernization. Passionate about mentoring teams, fostering innovation, and ensuring long-term business sustainability.</p> <p>Crafting, pricing and delivering large and complex technology transformation/ large AMS and Managed Services programs/ System Integration/ Tech Debt Remediation/ Cloud Native and new age Development/ Consulting projects. Pushing the envelope and taking everyone along - clients, partners and colleagues with different mandates. Leading complex RFP responses, contract negotiations and strategic alliances. Strong networking, especially in the Banking industry, at CXO levels in client organizations with a proven record for mining accounts. Extensive experience with large and medium sized banks globally. Leader of large teams. Advocate of "Progressive Transformation" to handle complexities, introduce predictability and manage pessimism.</p>
<p>Mr. Thian Joost Fick</p>	<p>42 years, B.Com (Actuarial Science), Actuary, Fellow of Actuarial Society of South Africa</p>	<p>Mr. Thian Joost Fick is the Executive for India and Group Initiatives at the Sanlam Group. His role is to oversee Sanlam's investments in India and to maintain business relationship with Shriram Group, Sanlam's partners in India. He is also involved in other Group strategic initiatives by supporting and giving guidance to the operating entities with strategy development and execution, technical assistance, adhering to sound audit practices, appropriate governance, risk management, and compliance. Mr. Thian holds a Bachelor of Commerce in Actuarial Science from the University of Stellenbosch, South Africa, and is a qualified Actuary and Fellow of the Actuarial Society of South Africa. He has over 19 years of experience in actuarial (both Life and General insurance), capital management and risk management.</p>

### Duties and obligations of AMC:

The Regulations and the Investment Management Agreement shall govern the duties and responsibilities of the AMC. The AMC, in the course of managing the affairs of the Mutual Fund, has the power, inter-alia :

1. To invest in, acquire, hold, manage or dispose of all or any securities and to deal with, engage in and carry out all other functions and to transact all business pertaining to the Fund;
2. To keep the moneys belonging to the Trust with scheduled banks and Custodians as it may deem fit;
3. To issue, sell and purchase Units under any Scheme;
4. To repurchase the Units that are offered for repurchase and hold, reissue or cancel them;
5. To formulate strategies, lay down policies for deployment of funds under various Schemes and set limits collectively or separately for privately placed debentures, unquoted debt instruments, securitised debts and other forms of variable securities which are to form part of the investments of the Trust Funds;
6. To arrange for investments, deposits or other deployment as well as disinvestments or refund out of the Trust Funds as per the set strategies and policies;

7. To make and give receipts, releases and other discharges for money payable to the Trust and for the claims and demands of the Trust;
8. To get the Units under any Scheme listed on any one or more stock exchanges in India or abroad;
9. To open one or more bank accounts for the purposes of the Fund, to deposit and withdraw money and fully operate the same;
10. To pay for all costs, charges and expenses, incidental to the administration of the Trust and the management and maintenance of the Trust property, Custodian and/or any other entities entitled for the benefit of the Fund, audit fee, management fee and other fees;
11. To provide or cause to provide information to SEBI and the Unitholders as may be specified by SEBI; to generally do all acts, deeds, matters and things, which are necessary for any object, purpose or in relation to the Shriram Mutual Fund in any manner or in relation to any Scheme of Shriram Mutual Fund

**Obligations of the AMC, as specified in the SEBI (Mutual Funds) Regulations 1996 are as under:**

1. The asset management company shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of these regulations and the trust deed.
2. The asset management company shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
- 2A. The asset management company shall obtain, wherever required under these regulations, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed.
3. The asset management company shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the asset management company.
4. The asset management company shall submit to the trustees quarterly reports of each year on its activities and the compliance with these regulations
5. The trustees at the request of the asset management company may terminate the assignment of the asset management company at any time:
6. Provided that such termination shall become effective only after the trustees have accepted the termination of assignment and communicated their decision in writing to the asset management company.6. Notwithstanding anything contained in any contract or agreement or termination, the asset management company or its directors or other officers shall not be absolved of liability to the mutual fund for their acts of commission or omissions, while holding such position or office
- (6A) (a) The Chief Executive Officer (whatever his designation may be) of the asset management company shall ensure that the mutual fund complies with all the provisions of the regulations and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the mutual fund.
- (b) Chief Executive Officer (whatever be the designation) shall also ensure that the Asset Management Company has adequate systems in place to ensure that the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fifth Schedule of these regulations are adhered to in letter and spirit. Any breach of the said Code of Conduct shall be brought to the attention of the Board of Directors of the Asset Management Company and Trustees.
- (6B) (a) The fund manager (whatever the designation may be) shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unit holders(b) The Fund Managers (whatever be the designation) shall abide by the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fifth Schedule of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and submit a quarterly self-certification to the

Trustees that they have complied with the said code of conduct or list exceptions, if any.

Explanation:- For the purposes of this sub-regulation, the phrase "Fund Managers" shall include Chief Investment Officer (whatever be the designation).

(6C) (a) The Dealers (whatever be the designation) shall ensure that orders are executed on the best available terms, taking into account the relevant market at the time for transactions of the kind and size concerned to achieve the objectives of the scheme and in the best interest of all the unit holders.

(b) The Dealers (whatever be the designation) shall abide by the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fifth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and submit a quarterly self-certification to the Trustees that they have complied with the said code of conduct or list exceptions, if any.

(6D) The board of directors of the asset management company shall ensure that all the activities of the asset management company are in accordance with the provisions of these regulations.

7. (a) An asset management company shall not through any broker associated with the sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes. Provided that for the purpose of this sub-regulation, aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the mutual fund.

Provided further that the aforesaid limit of 5% shall apply for a block of any three months.

(b). An asset management company shall not purchase or sell securities through any broker other than a broker referred to in clause (a) of sub-regulation (7) which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes, unless the asset management company has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the trustees on a quarterly basis. Provided that the aforesaid limit shall apply for a block of three months.

8. An asset management company shall not utilize the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities:

Provided that an asset management company may utilise such services if disclosure to that effect is made to the unit holders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the mutual fund.

Provided further that the mutual funds shall disclose at the time of declaring half-yearly and yearly results;

- any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies,
- devolvement, if any,
- subscription by the schemes in the issues lead managed by associate companies,
- Subscription to any issue of equity or debt on private placement basis where the sponsor or its associates have acted as arranger or manager.

9. The asset management company shall file with the trustees the details of transactions in securities by the key personnel of the asset management company in their own name or on behalf of the asset management company and shall also report to the Board, as and when required by the Board.

10. In case the asset management company enters into any securities transactions with any of its associates a report to that effect shall be sent to the trustees at its next meeting.

11. In case any company has invested more than 5 per cent of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries shall be brought to the notice of the trustees by the asset management company and be disclosed in the half yearly and annual accounts of the respective schemes with justification for such investment provided the latter investment has been made within one year of the date of the former investment calculated on either side.

12. The asset management company shall file with the trustees and the Board:

- a. detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment; and
- b. Any change in the interests of directors every six months.
- c. A quarterly report to the trustees giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsor or the asset management company as the case may be, by the mutual fund during the said quarter.

13. Each director of the Asset Management Company shall file the details of his transactions of dealing in securities with the trustees on a quarterly basis in accordance with guidelines issued by the Board.

14. The asset management company shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.

15. The asset management company shall appoint registrars and share transfer agents who are registered with the Board. Provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.

16. The asset management company shall abide by Code of Conduct specified in the PART-A of Fifth Schedule.

(16A) The asset management company 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 Board from time to time.

17. The asset management company shall not invest in any of its scheme, unless full disclosure of its intention to invest has been made in the offer documents, in case of schemes launched after the notification of Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2011:

Provided that an asset management company shall not be entitled to charge any fee on its investment in that scheme.

18. The asset management company shall not carry out its operations including trading desk, unit holder servicing and investment operations outside the territory of India.

19. The asset management company shall compute and carry out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in Eighth Schedule, and shall publish the same.

20. The asset management company and the sponsor of the mutual fund shall be liable to compensate the affected investors and/or the scheme for any unfair treatment to any investor as a result of inappropriate valuation.

21. The asset management company shall report and disclose all the transactions in debt and money market securities, including inter scheme transfers, as may be specified by the Board.

22. The board of directors of the asset management company shall exercise due diligence as follows:

a) The board of directors of the asset management company shall ensure before the launch of any scheme that the asset management company has-

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

(ii) appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications and past experience in the securities market with the Trustees, within fifteen days of their appointment;

(iii) appointed auditors to audit its accounts;

(iv) appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by the Board or the Central Government and for redressal of investors grievances;

(v) appointed a registrar to an issue and share transfer agent registered under the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and laid down parameters for their supervision;

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

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

(viii) obtained, wherever required under these regulations, prior in principle approval from the recognized stock exchange(s) where units are proposed to be listed.

b) The board of directors of the asset management company shall ensure that –

(i) the asset management company has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with specific brokers;

(ii) the asset management company has not given any undue or unfair advantage to any associate or dealt with any of the associate of the asset management company in any manner detrimental to interest of the unit holders;

(iii) the transactions entered into by the asset management company are in accordance with these regulations and the respective schemes;

(iv) the transactions of the mutual fund are in accordance with the provisions of the trust deed;

(v) the networth of the asset management company are reviewed on a quarterly basis to ensure compliance with the threshold provided in clause (f) of sub-regulation (1) of regulation 21 on a continuous basis;

(vi) all service contracts including custody arrangements of the assets and transfer agency of the securities are executed in the interest of the unit holders;

(vii) there is no conflict of interest between the manner of deployment of the networth of the asset management company and the interest of the unit holders;

(viii) the investor complaints received are periodically reviewed and redressed;

(ix) all service providers are holding appropriate registrations with the Board or with the concerned regulatory authority;

(x) any special developments in the mutual fund are immediately reported to the trustees; (xi) there has been exercise of due diligence on the reports submitted by the asset management company to the trustees;

(xi) there has been exercise of due diligence on such matters as may be specified by the Board from time to time.

23. The compliance officer appointed under sub-clause (iv) of clause (a) of sub-regulation (22) shall independently and immediately report to the Board any non-compliance observed by him.

24. The asset management company shall constitute a Unit Holder Protection Committee in the form and manner and with a mandate as may be specified by the Board.

25. The asset management company shall be responsible for calculation of any income due to be paid to the mutual fund and also any income received in the mutual fund, for the unit holders of any scheme of the mutual fund, in accordance with these regulations and the trust deed.

26. The asset management company shall ensure that no change in the fundamental attributes of any scheme or the trust, fees and expenses payable or any other change which would modify the scheme and affect the interest of unit holders, shall be carried out unless,—

(i) a written communication about the proposed change is sent to each unit holder and an advertisement is issued in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the mutual fund is situated; and

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

## Investment Decisions:

The Investment Committee comprising Fund Manager(s) - Equities (for equity related matters), Fund Manager(s) - Debt (for debt related matters) and Chief Compliance Officer will inter alia lay down the fund's investment philosophy, policy and processes / procedures, review the performance / portfolios of the Schemes, monitor the credit ratings of debt exposures, etc.

Fund Manager(s) shall be responsible for taking investment / divestment decisions for their respective scheme(s) and for adhering to the Fund's investment philosophy, policy and processes / procedures. Investment decisions shall be recorded by the respective Fund Manager(s) along with reasons for the same. Research reports, both internal and external, covering inter alia factors like business outlook, financial analysis, valuation, etc. shall assist the Fund Manager(s) in the decision-making.

The Fund Manager(s) and the Investment Committee report to the Managing Director. Investment decisions are taken by the fund manager(s) of the respective scheme(s) and the Managing Director does not play any role in the day-to-day investment decisions. The Chief Executive Officer of the AMC shall inter-alia ensure that the investments made by the fund managers are in the interest of the Unit holders. The Fund Manager shall ensure that the funds of the Scheme(s) are invested in line with the investment objective of the Scheme(s) and in the interest of the Unit holders.

1. Performance of the Schemes will be tabled before the boards of the AMC and the Trustee respectively at periodic intervals as specified under the Regulations. Performance of the Schemes vis-à-vis their respective benchmark indices will be periodically monitored by the boards of the Trustee and the AMC. Tracking error risk shall be monitored by the board. Further, the Boards of the Trustee and the AMC will also review the performance of the Schemes in the light of performance of the mutual fund industry.

## Information on Key Personnel of the Asset Management Company:

Name	Designation	Qualification	Total No. of years of Experience	Brief Experience
Mr. Kartik Jain	Managing Director and Chief Executive Officer	54 Years B.Tech Degree from IIT Bombay and a PGDM from IIM Calcutta. He is a British Chevening Scholar	31 Years	Mr. Kartik Jain has a work experience of nearly three decades of which the last two have been in the Banking and Insurance sector in senior leadership roles. Through his career he has led teams across a range of functions including Sales & Distribution, Marketing, Product Management, Analytics, Strategy, Wealth and Digital Business across BFSI, Consulting and Consumer Goods. He has worked with leading Indian and multinational organisations including Cadbury, KPMG, ICICI Lombard, HDFC Bank and DBS Bank, and has focused on creating and driving businesses that specifically leverage data, customer experience and digital platforms to create value.
Mr. Deepak Ramaraju	Senior Fund Manager	48 Years Bachelor of Engineering (BE Chemical Engineering)	24 Years	Mr. Deepak Ramaraju comes with a diverse experience of over 24 years. He is a chemical engineer by academic background. Prior to joining Shriram Asset Management Company Ltd., Mr. Deepak was advising Sanlam Group of South Africa on their India focused fund and was part of their global equity research team. He has been associated with equity markets for the past 20 years and prior to that Mr. Deepak was a researcher and co inventor at GE India Technology Center, Bangalore with 10 patents as co-inventor to his credit.
Mr. Sudip Suresh More	Fund Manager - Fixed Income	44 Years B.E. (EXTC), MMS (Finance), FRM (Garp Certified)	19 years	Mr. Sudip has around 19 years of experience in managing Fixed Income Investments, Macroeconomic Research and Credit Analysis. Prior to this assignment, Mr. Sudip was Debt Fund Manager at Kshema General Insurance Company. Additionally, he has also worked with Sahara India Life Insurance Company Ltd as a Debt Fund Manager whereby managing ULIP and Traditional funds on Fixed Income side.

Mr. Prateek Nigudkar	Senior Fund Manager	39 Years MS Finance, BE Information Technology	13 years	Mr. Prateek brings over 13 years of experience in managing equity funds, as well as in quantitative and fundamental research. Before his current role, he served as the Fund Manager at Jio BlackRock Mutual Fund. He has also held the position of Fund Manager at DSP Mutual Fund. Earlier in his career, he worked as a Quantitative Analyst at State Street Global Advisors and Credit Suisse Business Analytics, India.
Mr. Amit Modani	Lead Fixed Income & Senior Fund Manager	37 years Chartered Accountant and Company Secretary	13 Years	Mr. Amit Modani has over 13 years of experience in fixed income fund management and dealing. Before his current role, he served as Fund Manager - Fixed Income at Mirae Asset Investment Managers (India) Pvt. Ltd. He has also worked with BOI Mutual Fund. Prior to that, he worked as Portfolio Manager – Fixed Income at Quantum Mutual Fund and as Dealer – Fixed Income at PGIM Mutual Fund.
Mr. Amar Patil	Lead - IT Infrastructure and Cybersecurity (Designated Cyber Security Officer)	44 Years MBA IT	20 Years	Mr. Amar has over 20 years of rich experience in IT Infrastructure, with deep expertise in multi-cloud environments, cyber security, and regulatory aligned technology. He has extensive track record which includes managing on-premises data centre and DR environments, overseeing AWS cloud infrastructure, and implementing secure, scalable IT frameworks aligned with stringent compliance and InfoSec standards. He holds several esteemed certifications, including Microsoft, ITIL, AWS, CISM, and ISO 27001:2022 Lead Auditor. Prior to this assignment, he was associated as a Head- IT Infrastructure and Cybersecurity at Shriram Wealth Limited, AVP – IT Infrastructure at Axis Asset Management Company. Played a pivotal role in building and securing infrastructure for capital markets operations.
Ms. Pratima Talwad	Head - Institutional Sales	49 years Master's in Financial Management & MA in Psychology	22 years	Ms. Pratima Talwad is a seasoned professional with over 20 years of experience in the Asset Management Industry. She has developed expertise in institutional business focus, driving growth and fostering strong client relationships. Having past experience in serving prominent Asset Management Companies such as Indiabulls AMC, Peerless AMC, Diawa AMC, and JM AMC.
Mrs. Jaya Innani	Chief Financial Officer & Head - HR	38 Years Chartered Accountant and Company Secretary	17 Years	Mrs. Jaya Innani is a qualified Chartered Accountant, Company Secretary and a university gold medallist in her Graduation. She joins us on 12th December, 2022 as Chief Financial Officer from Haribhakti & Co. LLP where she held senior leadership position of Associate Partner. Her rich experience spans across risk based auditing, accounting consultancy, internal financial controls, implementation of IndAS, certifications in connection with issuance of equity and debt securities, limited reviews, compliances with regulatory requirements. She has a wide breadth of cross industry experience cutting across BFSI Sector, Manufacturing, Power Sector, Broking entity etc. As an additional responsibility she was also leading Research and Quality function in her previous association.

Mr. Chetan R Doshi	Chief Business Officer	48 Years Senior Management Program (IIM Indore), Executive MBA (Mumbai University) and B Com (Mumbai University)	27 Years	Mr Chetan Doshi brings with him more than 27 years of experience, majority of it in the Mutual Fund industry including Treasury Operations, Channel Sales & Distribution & Business Development, across various organizations viz. Canara Robeco AMC, Mirae AMC, Kotak Mahindra AMC, Piramal Group etc. His last assignment was with the National Stock Exchange (NSE), instrumental in setting up the Mutual Fund Platform. He had been with the exchange for the last 8.5 years focusing majorly on Business Development and overseeing product development and business operations activities holistically in the capacity of the Vice President. Further, he has been part of several SEBI working groups & committees related to the Mutual fund.
Mr. Tanmoy Sengupta	Head of Regulatory Operations	50 Years M.COM. AICWA	23 Years	Mr. Tanmoy Sengupta has an overall experience of more than 23 years in his professional career. He worked for 6.5 years with Shriram Insight Share Brokers Limited (A Shriram Group Co) wherein he had served as an Assistant Compliance Officer and handled various functions of Designing & developing IT controls within a regulatory framework, maintenance of Transactional Regulatory reportings, client trade reportings etc. He has been associated with Shriram Asset Management Company Limited for more than 13 years.
Mr. Ajay Ramesh Bhanushali	Compliance Officer [under SEBI(Mutual Funds) Regulations, 1996]	33 Years B.Com, C.S., and LLB	8 years	Mr. Ajay Ramesh Bhanushali has over 8 years of experience in the Compliance, Legal and Secretarial functions of Mutual Fund Industry. Prior to this assignment, Mr. Ajay was associated with Mirae Asset Investment Managers (India) Private Limited. Additionally, Mr. Ajay has also worked with Nippon Life India Asset Management Limited, Principal Asset Management Private Limited and National Stock Exchange of India Limited. Mr. Ajay was responsible for ensuring the compliance with SEBI (Mutual Funds) Regulations, 1996 and other applicable regulations along with handling secretarial and legal functions.

Mr. Nitin Sahay	Chief Officer Risk	45 Years M.Sc (Statistics) (Banaras Hindu University, Varanasi)	21 Years	Mr. Nitin Sahay has an overall experience of 21 years in various domains like Equity Research, Financial Modeling, Technical Analysis, Data Analysis, Risk, Operations and Client Servicing in his professional career. He has been associated with Shriram Group since December 2005. He worked for 16 years with Shriram Insight Share Brokers Limited wherein he held various roles such as Assistant Manager, Research Executive, Area In-charge, Branch In-charge.
Mr. Surjeet Kumar Singh	Dealer	40 Years B.COM. C.A(Inter)	20 Years	Mr. Surjeet Kumar Singh joined Shriram Insight Share Brokers Ltd. in 2009, starting his career as an officer in Risk & Surveillance, and later on to financial product development. He has been associated with Shriram Asset Management Company Ltd. since 2012
Mr. Mritunjay Kumar Singh	Dealer	39 Years B.Com	19 Years	Mr. Mritunjay Kumar Singh has more than 19 years experience in his professional career. He initially joined Shriram Insight Share Brokers Ltd. in 2005, where he managed the overall back office operations. He has been associated with Shriram Asset Management Company Ltd. since 2019
Mr. Chandrashekhar Kadechkar	Head of Operations & Investor Relations Officer	43 Years Bachelor of Commerce	18 years	Mr. Chandrashekhar Kadechkar has over 18 years of experience in the financial service industry. Prior to joining Shriram Asset Management Company Limited, he was associated with 360 ONE Asset Management Ltd. and Edelweiss Asset Management Ltd.
Ms. Vinita Kapoor	Lead - Company Secretary & Legal	35 years B. Com, C.S., and LLB	12 years	Ms. Vinita Kapoor has over 12 years of experience in corporate governance, secretarial, legal and regulatory compliance across listed companies, asset management companies, and alternative investment platforms. Prior to joining Shriram Asset Management Company Limited, she was associated with EAAA India Alternatives Limited as Assistant Vice President – Governance & Compliance. She has also worked with Nippon Life India Asset Management Limited, Bombay Cycle & Motor Agency Limited and Walchandnagar Industries Limited.

#### **E. Service providers:**

##### **Custodian & Fund Accountant :**

**Standard Chartered Bank** having Registered Office at Standard Chartered Bank, 1 Aldermanbury Square, London, EC2V 7SB, EC2V7SB and Correspondence Address: Standard Chartered Bank, SECURITIES SERVICES, CRESCENZO, 3RD FLR, PLOT NO C-38&39, G BLOCK BKC, MUMBAI, MAHARASHTRA, 400051, India; has been appointed as Custodian and Fund Accountant for all the Schemes of Shriram Mutual Fund. The custodian has been registered with SEBI and has been awarded registration No. IN/CUS/006 dated Oct 31, 2018.

- i. Provide post-trading and custodial services to the Mutual Fund.
- ii. Ensure benefits due on the holdings are received.
- iii. Provide detailed management information and other reports as required by the AMC.
- iv. Maintain confidentiality of the transactions.
- v. Be responsible for the loss or damage to the assets belonging to the Scheme due to negligence on its part or on the part of its approved agents.
- vi. Segregate assets of each Scheme.
- vii. Ensure that it does not assign, transfer, hypothecate, pledge, lend, use or otherwise dispose any assets or property, except pursuant to instruction from the Trustee/AMC or under the express provisions of the Custodian Agreement.
- viii. Maintain financial accounts, prepare financial statements, compute NAV, etc.

The service provider will be entitled to remuneration for its services in accordance with the terms of the relevant agreements.

##### **Registrar & Transfer agent : Computer Age Management Services Limited, (CAMS)**

New No. 10, Old No. 178, M. G. R. Salai, Nungambakkam, Chennai - 600 034

The Registrar is registered with SEBI under registration No: INR000002813 dated July 22, 1995. As Registrar to the Scheme, CAMS will inter alia handle communications with investors, perform data entry services and despatch Account Statements. The Board

of Directors of the AMC and the Trustee have satisfied themselves that the Registrar can provide the service required and has adequate facilities to discharge responsibilities with regard to processing of applications and dispatching unit certificates to unitholders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints.

**Statutory Auditor :**

**M/s MSKA & Associates,**

**Chartered Accountants, Mumbai.**

Address: 602, Floor 6, Raheja Titanium, Western Express Highway, Geetanjali Railway Colony, Ram Nagar, Goregaon (East) Mumbai- 400063, Maharashtra.

**Legal counsel :**

There are no retained legal counsels to the Mutual Fund or AMC. The AMC employs renowned legal counsel, on a need based basis.

**Collecting Bankers :**

Sr No.	Bank Name	Bank Address
1.	HDFC Bank	MOTWANE CHAMBERS, MANECKJI WADIA BLDG, MUMBAI, MAHARASHTRA-400023
2.	SBI Bank	MUMBAI SAMACHAR MARG, HORNIMAN CIRCLE, Fort, Mumbai, Maharashtra 400023
3.	Yes Bank	GR FLR, SHRI AMBA SHANTI CHAMBERS OPP HOTEL LEELA ANDHERI KURLA ROAD, ANDHERI (E) MUMBAI, MAHARASHTRA - 400059
4.	IDBI Bank	10, JAIPRAKASH NAGAR,, OPP. SONAL APARTMENT,, ROAD NO.2, GOREGAON (EAST) MUMBAI, PINCODE - 400063
5.	Axis Bank	UNIVERSAL INSURANCE BUILDING, GROUND FLOOR SIR P M ROAD, FORT, MAHARASHTRA, 400001
6.	ICICI Bank	NAVSARI BUILDING, 240, D.N.ROAD, FORT, MUMBAI. 400001
7.	Kotak Bank	MITTAL TOWERS A WING GROUND FLOOR 210 NARIMAN POINT MUMBAI 400021
8.	SCB Bank	90, M. G. ROAD, MUMBAI - 400 001 MAHARASHTRA

**Appointment of MF Central as Official Point of Acceptance**

Based on the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/604 dated July 26, 2021, to comply with the requirements of RTA inter-operable Platform for enhancing investors' experience in Mutual Fund transactions / service requests, the QRTA's, KFin Technologies Private Limited (KFintech) and Computer Age Management Services Limited (CAMS) have jointly developed MF Central

– A digital platform for Mutual Fund investors.

MFCentral is created with an intent to be a one stop portal / mobile app for all Mutual fund investments and service-related needs that significantly reduces the need for submission of physical documents by enabling various digital / phygital services to Mutual fund investors across fund houses subject to applicable T&Cs of the Platform. MFCentral will be enabling various features and services in a phased manner. MFCentral may be accessed using and a Mobile App in future.

With a view to comply with all provisions of the aforesaid circular and to increase digital penetration of Mutual funds, Shriram Mutual Fund has designated MFCentral as its Official point of acceptance (DISC – Designated investor Service Centre) w.e.f. 23 September 2021.

Any registered user of MFCentral, requiring submission of physical document as per the requirements of MFCentral, may do so at any of the designated Investor Service centres or collection centres of Kfintech or CAMS.

### **ADDITION OF “MF UTILITY” PLATFORM AS AN OFFICIAL POINT OF ACCEPTANCE OF TRANSACTIONS FOR THE SCHEMES OF SHRIRAM MUTUAL FUND:**

Shriram Asset Management Company 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 aggregator for transacting in multiple Schemes of various Mutual Funds with a single form and a single payment instrument.

Accordingly, all financial and non-financial transactions pertaining to Scheme(s) of Shriram Mutual Fund ('the Fund') can be done through MFU either electronically on the online transaction portal of MFU at [www.mfuonline.com](http://www.mfuonline.com) or physically through the authorized Points of Service ('POS') of MFUI with effect from the respective dates as published on MFUI website against the POS locations. The list of POS of MFUI is published on the website of MFUI at [www.mfuindia.com](http://www.mfuindia.com) as may be updated from time to time. The online transaction portal of MFU i.e. [www.mfuonline.com](http://www.mfuonline.com) and the POS locations of MFUI will be in addition to the existing Official Points of Acceptance of Transactions ('OPAT') of the AMC.

Investors are requested to note that, MFUI will allot a Common Account Number ('CAN'), a single reference number for all investments in the Mutual Fund industry, for transacting in multiple schemes of various Mutual Funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form ('CRF') and necessary documents at the authorised MFUI POS. 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. Investors are requested to visit the website of MFUI to download the relevant forms.

Applicability of NAV shall be based on time stamping of application at MFUI POS / online and realization of funds in the bank account of the Fund within the applicable cut-off timing. The uniform cut-off time as prescribed by Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and as mentioned in the Scheme Information Document / Key Information Memorandum of respective schemes shall be applicable. Investors should note that transactions through MFU shall be subject to terms and conditions as stipulated by MFUI / the Fund / the AMC from time to time and any law for the time being in force.

For any queries or clarifications related to MFU, please 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).

### **F. Condensed Financial Information:**

*(For all the schemes launched by the MF during the last three fiscal years, excluding the redeemed schemes)*

<b>Shriram Aggressive Hybrid Fund</b>	<b>FY-2024-25</b>	<b>FY-2023-24</b>	<b>FY-2022-23</b>
Date of Allotment	29-Nov-13		
NAV at the beginning of the period/ Year (Rs.)			
Regular Plan- Growth Option	29.7037	22.5317	22.7361
Regular Plan -IDCW Option	23.7451	18.0118	18.1752
Direct Plan-Growth Option	33.2679	24.8293	24.6766
Direct Plan-IDCW Option	26.3252	19.6825	19.5712
Dividend (Rs.)			
Regular Plan IDCW Option	0	0	0
Direct Plan-IDCW Option	0	0	0
NAV at the end of the period/ Year (Rs.)			
Regular Plan- Growth Option	29.7197	29.7037	22.5317
Regular Plan -IDCW Option	23.7624	23.7451	18.0118

Direct Plan-Growth Option	33.8383	33.2679	24.8293
Direct Plan-IDCW Option	26.7262	26.3252	19.6825
Annualised return from the date of allotment till the end of the year (%)			
Regular Plan-Growth Option	10.08	11.10	9.09
Direct Plan-Growth Option	11.35	12.32	10.23
Bench Mark Indices (Annualised Return %)	13.13	13.70	12.34
Benchmark	CRISIL Hybrid 35+65 - Aggressive Index		
Net Assets at the end of period (Rs. Crs.)	46.13	46.00	49.13
Total Recurring Expenses to net assets (Annualised) (%)	2.17	1.6	1.92
<i>IDCW Option=Income Distribution cum Capital Withdrawal Option</i>			
<b>Shriram Flexi Cap Fund</b>	<b>FY-2024-25</b>	<b>FY-2023-24</b>	<b>FY-2022-23</b>
Date of Allotment	28-Sep-18		
NAV at the beginning of the period/ Year (Rs.)			
Regular Plan- Growth Option	20.1646	14.2851	14.3728
Regular Plan -IDCW Option	20.1557	14.2808	14.3684
Direct Plan-Growth Option	22.2568	15.5058	15.3175
Direct Plan-IDCW Option	22.0909	15.4146	15.2468
Dividend (Rs.)			
Regular Plan IDCW Option		0	0
Direct Plan-IDCW Option		0	0
NAV at the end of the period/ Year (Rs.)			
Regular Plan- Growth Option	19.1712	20.1646	14.2851
Regular Plan -IDCW Option	19.167	20.1557	14.2808
Direct Plan-Growth Option	21.5317	22.2568	15.5058
Direct Plan-IDCW Option	21.3335	22.0909	15.4146
Annualised return from the date of allotment till the end of the year (%)			
Regular Plan-Growth Option	10.51	13.58	8.23
Direct Plan-Growth Option	12.50	15.63	10.22
Bench Mark Indices (Annualised Return %)	15.14	16.81	12.13
Benchmark	NIFTY 500 TRI		
Net Assets at the end of period (Rs. Crs.)	132.67	83.51	58.71
Total Recurring Expenses to net assets (Annualised) (%)	2.26	1.70	2.43
<i>IDCW Option=Income Distribution cum Capital Withdrawal Option</i>			
<b>Shriram ELSS Tax Saver Fund</b>	<b>FY-2024-25</b>	<b>FY-2023-24</b>	<b>FY-2022-23</b>
Date of Allotment	25-Jan-19		
NAV at the beginning of the period/ Year ( (Rs.)			
Regular Plan- Growth Option	20.5771	14.9115	15.1012
Regular Plan -IDCW Option	20.5692	14.9027	15.0922
Direct Plan-Growth Option	22.6247	16.1239	16.0379

Direct Plan-IDCW Option	22.4902	16.0517	15.9812
Dividend (Rs.)			
Regular Plan IDCW Option	0	0	0
Direct Plan-IDCW Option	0	0	0
NAV at the end of the period/ Year (Rs.)			
Regular Plan- Growth Option	19.9147	20.5771	14.9115
Regular Plan -IDCW Option	19.9213	20.5692	14.9027
Direct Plan-Growth Option	22.2556	22.6247	16.1239
Direct Plan-IDCW Option	22.0999	22.4902	16.0517
Annualised return from the date of allotment till the end of the year (%)			
Regular Plan-Growth Option	11.78	14.94	10.03
Direct Plan-Growth Option	13.81	17.06	12.1
Bench Mark Indices (Annualised Return %)	16.21	18.21	13.44
Benchmark	NIFTY 500 TRI		
Net Assets at the end of period (Rs. Crs.)	47.89	47.33	36.66
Total Recurring Expenses to net assets (Annualised) (%)	2.15	1.63	2.28
<i>IDCW Option=Income Distribution cum Capital Withdrawal Option</i>			
<b>Shriram Balanced Advantage Fund</b>	<b>FY-2024-25</b>	<b>FY-2023-24</b>	<b>FY-2022-23</b>
Date of Allotment	05-Jul-19		
NAV at the beginning of the period/ Year ( (Rs.)			
Regular Plan- Growth Option	16.8909	13.1128	12.8913
Regular Plan -IDCW Option	16.914	13.1137	12.892
Direct Plan-Growth Option	18.4720	14.0817	13.5933
Direct Plan-IDCW Option	18.3753	14.0284	13.5545
Dividend (Rs.)			
Regular Plan IDCW Option	0	0	0
Direct Plan-IDCW Option	0	0	0
NAV at the end of the period/ Year (Rs.)			
Regular Plan- Growth Option	16.2182	16.8909	13.1128
Regular Plan -IDCW Option	16.2393	16.914	13.1137
Direct Plan-Growth Option	18.0629	18.472	14.0817
Direct Plan-IDCW Option	17.9488	18.3753	14.0284
Annualised return from the date of allotment till the end of the year (%)			
Regular Plan-Growth Option	8.79	11.69	7.52
Direct Plan-Growth Option	10.85	13.81	9.58
Bench Mark Indices (Annualised Return %)	11.16	11.87	10.08
Benchmark	NIFTY 50 Hybrid Composite Debt 50:50 Index		
Net Assets at the end of period (Rs. Crs.)	60.11	46.26	47.98
Total Recurring Expenses to net assets (Annualised) (%)	2.24	1.88	2.30
<i>IDCW Option=Income Distribution cum Capital Withdrawal Option</i>			

<b>Shriram Overnight Fund</b>	<b>FY-2024-25</b>	<b>FY-2023-24</b>	<b>FY-2022-23</b>
Date of Allotment	26-Aug-22		
NAV at the beginning of the period/ Year ( (Rs.)			
Regular Plan- Growth Option	11.0573	10.3662	*10.0253
Regular Plan -Daily IDCW Option	10.0000	10.0000	*10.0000
Regular Plan -Weekly IDCW Option	10.0092	10.0075	*10.0253
Regular Plan -Monthly IDCW Option	10.0287	10.0287	*10.0253
Direct Plan-Growth Option	11.0763	10.3723	*10.0255
Direct Plan -Daily IDCW Option	10.0000	10.0000	*10.0000
Direct Plan -Fortnightly IDCW Option	-	-	*10.0257
Direct Plan -Monthly IDCW Option	10.0290	*10.0000	-
Dividend (Rs.) ^			
Regular Plan -Daily IDCW Option	0.6241	0.64748889	0.35816029
Regular Plan -Weekly IDCW Option	0.1584	0.64630352	0.3403984
Regular Plan -Fortnightly IDCW Option	-	-	0.05449993
Regular Plan -Monthly IDCW Option	0.6312	0.64879959	0.33199959
Direct Plan -Daily IDCW Option	0.6306	0.65661263	0.36368479
Direct Plan -Fortnightly IDCW Option	-	-	0.04560228
Direct Plan -Monthly IDCW Option	0.6360	0.12991885	-
NAV at the end of the period/ Year (Rs.)			
Regular Plan- Growth Option	11.7695	11.0573	10.3662
Regular Plan -Daily IDCW Option	10.0000	10.0000	10
Regular Plan -Weekly IDCW Option	-	10.0092	10.0075
Regular Plan -Monthly IDCW Option	10.0236	10.0287	10.0287
Direct Plan-Growth Option	11.7974	11.0763	10.3723
Direct Plan-Daily IDCW Option	10.0000	10.0000	10
Direct Plan -Monthly IDCW Option	10.0237	10.0290	10
Annualised return from the date of allotment till the end of the year (%)			
Regular Plan-Growth Option	6.47	6.49	#3.66
Direct Plan-Growth Option	6.57	6.61	#3.72
Bench Mark Indices (Annualised Return %)	6.62	6.61	#3.66
Benchmark	CRISIL Liquid Overnight Index		
Net Assets at the end of period (Rs. Crs.)	125.11	186.08	79.24
Total Recurring Expenses to net assets (Annualised) (%)	0.12	0.13	0.04
<i>*As on 05-09-2022-First NAV Opening Date</i>			
<i># Absolute return from the date of allotment till the end of the year (%)</i>			
<i>^ Total dividend per Face value Rs 10 (during the financial year)</i>			
<i>IDCW Option=Income Distribution cum Capital Withdrawal Option</i>			

<b>Shriram Multi Asset Allocation Fund</b>	<b>FY-2024-25</b>	<b>FY-2023-24</b>	<b>FY-2022-23</b>
Date of Allotment	08-Sep-23		
NAV at the beginning of the period/ Year ( (Rs.)			
Regular Plan- Growth Option	11.8758	*10.0250	N.A.
Direct Plan-Growth Option	12.0067	*10.0293	N.A.
Dividend (Rs.)	Scheme have no Dividend Plan		
NAV at the end of the period/ Year (Rs.)			
Regular Plan- Growth Option	11.5192	11.8758	N.A.
Direct Plan-Growth Option	11.8648	12.0067	N.A.
Annualised return from the date of allotment till the end of the year (%)			
Regular Plan-Growth Option	9.48	#18.76	N.A.
Direct Plan-Growth Option	11.57	#20.07	N.A.
Bench Mark Indices (Annualised Return %)	13.51	#11.15	N.A.
Benchmark			
Net Assets at the end of period (Rs. Crs.)	144.76	126.58	N.A.
Total Recurring Expenses to net assets (Annualised) (%)	2.14	2.07	N.A.
<i>*As on 15-09-2022-First NAV Opening Date</i>			
<i># Absolute return from the date of allotment till the end of the year (%)</i>			

<b>Shriram Nifty 1D Rate Liquid ETF</b>	<b>FY-2024-25</b>	<b>FY-2023-24</b>	<b>FY-2022-23</b>
Date of Allotment	05-Jul-24		
NAV at the beginning of the period/ Year ( (Rs.)			
Growth Option	*1001.1523	N.A.	N.A.
Dividend (Rs.)	No Dividend Plan		
NAV at the end of the period/ Year (Rs.)			
Growth Option	1045.799	N.A.	N.A.
Annualised return from the date of allotment till the end of the year (%)			
Regular Plan-Growth Option	#4.58	N.A.	N.A.
Bench Mark Indices (Annualised Return %)	#4.83	N.A.	N.A.
Benchmark	NIFTY 1D Rate Index		
Net Assets at the end of period (Rs. Crs.)	30.60	N.A.	N.A.
Total Recurring Expenses to net assets (Annualised) (%)	0.37	N.A.	N.A.

*\*As on 09-07-2024-First NAV Opening Date*

*# Absolute return from the date of allotment till the end of the year (%)*

<b>Shriram Liquid Fund</b>	<b>FY-2024-25</b>	<b>FY-2023-24</b>	<b>FY-2022-23</b>
Date of Allotment	14-Nov-24		
NAV at the beginning of the period/ Year ( (Rs.)			
Regular Plan- Growth Option	*1002.0751	N.A.	N.A.
Direct Plan-Growth Option	*1002.1019	N.A.	N.A.
Dividend (Rs.)	No Dividend Plan		
NAV at the end of the period/ Year (Rs.)			

Regular Plan- Growth Option	1026.6093	N.A.	N.A.
Direct Plan-Growth Option	1027.1559	N.A.	N.A.
Annualised return from the date of allotment till the end of the year (%)			
Regular Plan-Growth Option	#2.66	N.A.	N.A.
Direct Plan-Growth Option	#2.72	N.A.	N.A.
Bench Mark Indices (Annualised Return %)	#2.64	N.A.	N.A.
Benchmark	NIFTY Liquid Index A-I		
Net Assets at the end of period (Rs. Crs.)	118.09	N.A.	N.A.
Total Recurring Expenses to net assets (Annualised) (%)	0.18	N.A.	N.A.

*\*As on 20-11-2024-First NAV Opening Date*

*# Absolute return from the date of allotment till the end of the year (%)*

<b>Shriram Multi Sector Rotation Fund</b>	<b>FY-2024-25</b>	<b>FY-2023-24</b>	<b>FY-2022-23</b>
Date of Allotment	09-Dec-24		
NAV at the beginning of the period/ Year (Rs.)			
Regular Plan- Growth Option	*9.9887	N.A.	N.A.
Direct Plan-Growth Option	*9.9910	N.A.	N.A.
Dividend (Rs.)	No Dividend Plan		
NAV at the end of the period/ Year (Rs.)			
Regular Plan- Growth Option	7.8889	N.A.	N.A.
Direct Plan-Growth Option	7.9313	N.A.	N.A.
Annualised return from the date of allotment till the end of the year (%)			
Regular Plan-Growth Option	# -21.11	N.A.	N.A.
Direct Plan-Growth Option	# -20.69	N.A.	N.A.
Bench Mark Indices (Annualised Return %)	# -8.19	N.A.	N.A.
Benchmark	NIFTY 500 TRI		
Net Assets at the end of period (Rs. Crs.)	190.35	N.A.	N.A.
Total Recurring Expenses to net assets (Annualised) (%)	2.25	N.A.	N.A.

*\*As on 20-11-2024-First NAV Opening Date*

*# Absolute return from the date of allotment till the end of the year (%)*

\*\* PAST PERFORMANCE MAY OR MAY NOT BE SUSTAINED IN THE FUTURE. Performance of the IDCW Option for the investor would be net of dividend distribution tax, as applicable. Pursuant to payment of IDCW, the NAV of the IDCW Option falls to the extent of IDCW payout and statutory levy (if applicable).

Hence, in order to calculate total returns, the above returns are computed based on the NAV of only the Growth Option, since there are no IDCW payouts thereunder. The returns provided are Absolute Returns where the Schemes have been in existence for less than one year and Compounded annualised where the Schemes have been in existence for more than one year.

IDCW – Income Distribution cum Capital Withdrawal – Not Applicable

## RISK FACTORS

### 1. Standard Risk Factors

#### a. Standard Risk Factors for investments in Mutual Funds

- 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 rate of the securities in which the Scheme invests fluctuates, the value of your investment in the scheme can go up or down depending on various factors and forces affecting capital markets and money markets.
- Past performance of the Sponsor/ AMC/ Mutual Fund does not guarantee the future performance of the Scheme.
- The name of the Scheme does not in any manner indicate its quality or its future prospects and returns.
- The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 1 lakh made by it towards setting up the Fund.
- The present scheme is not a guaranteed or assured return scheme. In addition, the scheme does not guarantee or assure any Income distribution cum Capital Withdrawal (IDCW) and also does not guarantee or assure that it will make any IDCW distribution, though it has every intention to make the same in the distributions of Income Distribution cum Capital Withdrawal option. All IDCW distributions of Income Distribution cum Capital Withdrawal will be subjected to the investment performance of the Scheme.

#### b. Risk factors of not maintaining average AUM of Rs. 20 crores on half yearly rolling basis (Applicable only for open ended debt-oriented schemes of Shriram Mutual Fund)

The Scheme(s) shall maintain an average AUM of Rs. 20 crores on half yearly rolling basis. In case, the average AUM falls below Rs. 20 crores, the AMC shall scale up the AUM of such Scheme within a period of six months so as to maintain the average AUM of Rs. 20 crores on half yearly rolling basis, failing which the Scheme shall be wound up in accordance with the provisions of Regulation 39 (2) (c) of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

#### c. Risks Associated with Derivatives

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 instruments. Such risks include mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Trading in derivatives carries a high degree of risk although they are traded at a relatively small amount of margin which provides the possibility of great profit or loss in comparison with the principal investment amount.

Derivative products are highly leveraged instruments that require investment techniques and risk analyses different from those associated with traditional securities such as shares or bonds. Investment in derivatives also requires the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly.

The options buyer's risk is limited to the premium paid, while the risk of an options writer is unlimited. However, the gains of an options writer are limited to the premiums earned.

The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price. The loss can be unlimited as underlying asset can increase to any levels. The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price and the loss is limited to strike price.

Investments in futures face the same risk as the investments in the underlying securities. The extent of loss is the same as in the underlying securities. However, the risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and the potential high volatility of the futures markets.

The derivatives are also subject to liquidity risk as the securities in the cash markets. The derivatives market in India is nascent and does not have the volumes that may be seen in other developed markets, which may result in volatility in the values.

### **Risk associated with Covered Call**

If the underlying price rises above the strike, the short call loses its value as much as the underlying stock gains and as a result the upside of the stock always gets capped. This is a lost opportunity risk.

- 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 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, 15 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 prices.

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:** ETCs can be settled either through the exchange or physically. The inability to sell ETCs 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.

#### **d. Other Risk Factors**

##### **Country Party Risk:**

As the equity related securities such as warrants could be subjected to counter party risk as these rank equally among themselves and with all other unsecured obligations of the issuer in case of liquidation of the issuer. Therefore, the value of the Fund's assets will, and may always, depend entirely on the credit risk of the issuer held by the Fund. In the event of liquidation or default of the issuer and that a replacement issuer cannot be appointed, dealing of the Units of the ETF may be suspended and the Fund may ultimately be terminated, in which case, the Fund may redeem all outstanding Units at the Net Asset Value which may differ from the trading price on the exchange which is affected by secondary market trading factors.

##### **Risks Associated with Equity and Equity related Investments:**

- Equity and equity related securities are volatile and prone to price fluctuations on a daily basis. 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 make intended securities purchases, due to settlement problems, could cause the Scheme to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme portfolio 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 portfolio. Also, the value of the Scheme investments may be affected by interest rates, changes in law/ policies of the government, taxation laws and political, economic or other developments which may have an adverse bearing on individual Securities, a specific sector or all sectors.
- Investments in equity and equity related securities involve a degree of risk and investors should not invest in the equity Schemes unless they can afford to take the risk of losing their investment.
- Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger liquidity risk in comparison with securities that are listed on the exchanges or offer other exit options to the investors, including put options. The AMC may choose to invest in unlisted securities that offer attractive yields within the regulatory limit. This may however increase the risk of the portfolio. Additionally, the liquidity and valuation of the Scheme investments due to its holdings of unlisted securities may be affected if they have to be sold prior to the target date of disinvestment.

##### **Settlement Risk**

Different segments of financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio to make purchases in intended securities due to settlement problems could cause the Portfolio to miss certain investment opportunities.

##### **Regulatory Risk**

The value of the securities may be affected by uncertainties such as changes in government policies, changes in taxation, and other developments in the laws and regulations.

##### **Risk Associated with Unlisted Securities**

Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger liquidity risk in comparison with securities that are listed on the exchanges or offer other exit options to the investors, including put options. The underlying scheme may choose to invest in unlisted domestic securities that offer attractive yields within the regulatory limit. This may however increase the risk of the portfolio. Additionally, the liquidity and valuation of the Scheme's investments due to its holdings of unlisted securities may be affected if they have to be sold prior to the target date of disinvestment.

## **Risks Associated with Debt & Money Market Instruments**

### **Interest Rate Risk / Price Risk**

From the perspective of coupon rates, debt securities can be classified in two categories, i.e., Fixed coupon bearing securities and Floating coupon bearing securities. In Fixed coupon bearing securities, the coupon rate is determined at the time of investment and paid/received at the predetermined frequency. In the floating coupon bearing securities, on the other hand, the coupon rate changes – ‘floats’ – with the underlying benchmark rate, e.g., MIBOR, 1 yr. Treasury bill.

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

### **Reinvestment Risk**

Investments in fixed income securities may carry reinvestment risk as interest rates prevailing in the market may differ from the original coupon of the bond. Consequently, the proceeds from regular coupon and principal payments on due date may get invested at a lower rate.

### **Credit Risk**

Credit Risk comprises three components.

#### **-Default Risk**

Securities carry a risk of repayment of principal or interest by the borrower. This is called as default risk. The default risk depends on micro economic factors such as financial soundness and ability of the borrower and macro-economic factors such as industry performance, competition, trade barriers etc.

#### **Downgrade Risk**

It is the risk that credit rating agency downgrades the rating of an issuer based on earnings and cash flows generating capacity. The credit rating migration of issuance leads to increase in the credit spread and thus reduces the price of corporate bond.

#### **Spread Risk**

Though the sovereign yield curve might remain constant, investments in corporate bonds are exposed to the risk of spread widening between corporate bonds and gilts. Typically, if this spread widens, the prices of the corporate bonds tend to fall and so could the NAV of the Debt Schemes. Similar risk prevails for the investments in the floating rate bonds, where the benchmark might remain unchanged, but the spread over the benchmark might vary. In such an event, if the spread widens, the price and the NAV could fall.

#### **Prepayment Risk**

The Borrower may prepay the receivables prior to their respective due dates. This may result in a change in the yield and tenor for the scheme.

#### **Liquidity Risk**

This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of some of these investments. Different segments of the Indian financial markets have different settlement periods, and such periods may be extended significantly by unforeseen circumstances. The length of time for settlement may affect the Scheme in the event it has to meet an inordinately large number of redemption or of restructuring of the Scheme's investment portfolio.

#### **Risk associated with investments in Overseas ETFs:**

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 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 Associated with Overseas Investments:**

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 shall 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.

**Currency risk**

The foreign securities are issued and traded in foreign currencies. As a result, their values may be affected by changes in exchange rates between foreign currencies and the Indian Rupee as well as between currencies of countries other than India. Restrictions on currency trading that may be imposed by developing market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

**Risk associated with Securities Lending**

Securities Lending is a lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed.

In case the Scheme undertakes stock lending under the Regulations, it may, at times be exposed to counter party risk and other risks associated with the securities lending. Unitholders of the Scheme should note that there are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure can result in the possible loss of rights to the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary.

**Risks associated with segregated portfolio**

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

**Risk associated with Securitized Debt**

Securitized debt papers carry credit risk of the Obligor and are dependent on the servicing of the PTC/Contributions etc. However, these are offset suitably by appropriate pool selection as well as credit enhancements specified by Rating Agencies. In cases where the underlying facilities are linked to benchmark rates, the securitized debt papers may be adversely impacted by adverse movements in benchmark rates. However, this risk is mitigated to an extent by appropriate credit enhancement specified by rating agencies. Securitized debt papers also carry the risks of prepayment by the obligors. In case of prepayments of securities debt papers, it may result in reduced actual duration as compared to the expected duration of the paper at the time of purchase, which may adversely impact the portfolio yield. These papers also carry risk associated with the collection agent who is responsible for collection of receivables and depositing them. The Investment team evaluates the risks associated with such investments before making an investment decision. The underlying assets in the case of investment in securitized debt could be mortgages or other assets like credit card receivables, automobile/vehicle/personal/commercial/corporate loans and any other receivables/ loans/debt. The risks associated with the underlying assets can be described as under:

Credit card receivables are unsecured. Automobile/vehicle loan receivables are usually secured by the underlying automobile/vehicle and sometimes by a guarantor. Mortgages are secured by the underlying property. Personal loans are usually unsecured.

Corporate loans could be unsecured or secured by a charge on fixed assets/receivables of the company or a letter of comfort from the parent company or a guarantee from a bank/financial institution. As a rule of thumb, underlying assets which are secured by a physical asset/guarantor are perceived to be less risky than those which are unsecured. By virtue of this, the risk and therefore the yield in descending order of magnitude would be credit card receivables, personal loans, vehicle/automobile loans, mortgages and corporate loans assuming the same rating.

Liquidity in Securitized Debt may be affected by trading volumes, settlement periods and transfer procedures. These factors may cause potential losses from being not able to sell the securitized debt instruments at its fair value. Different types of securities in which the scheme would invest as given in the Scheme Information Document carry different levels and types of risks. Accordingly, the scheme's risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher amount of risk than government securities. Further, even among corporate bonds, bonds which are AAA rated

are comparatively less risky than bonds which are AA rated.

#### **Risk Associated with structured obligations and credit enhancement**

The Scheme may invest in domestic structured obligations such as corporate / promoter guarantee: Securities which have a structure with a guarantee from the corporate / promoter, may see an adverse effect if there are any signs of stress at the promoter / group level, even though the standalone borrowing entity's debt servicing capability and repayments may not see any material impact, from a future cash flow perspective.

Where equity shares are provided as collateral there is the risk of sharp price volatility of underlying securities which may lead to erosion in value of collateral which may affect the ability of the fund to enforce collateral and recover capital and interest obligations. Also, there is a possibility of guarantor going insolvent which also can impact the recovery value of exposure. In case of credit enhanced structures backed by equity share the liquidity of the underlying shares may be low leading to a lower recovery and a higher impact cost of liquidation. In case of other assets provided recovery, value and enforce ability of asset can also be a risk factor which can lower the recovery value.

#### **Risk factors associated with instruments having special features**

- The scheme may invest in certain debt instruments with special features which may be subordinated to equity and thereby such instruments may absorb losses before equity capital. The instrument is also convertible to equity upon trigger of a pre-specified event for loss absorption as may be decided by the RBI.
- The debt instruments with special features are considered as Non-Convertible Debentures, may be treated as debt instruments until converted to equity.
- The instruments are subject to features that grant issuer a discretion in terms of writing down the principal/coupon, to skip coupon payments, to make an early recall etc. Thus debt instruments with special features are subject to "Coupon discretion", "Loss Absorbency", "Write down on Point of Non-viability trigger (PONV) event" and other events as more particularly described as per the term sheet of the underlying instruments.
- The instrument is also subject to Liquidity Risk pertaining to how saleable a security is in the market. The particular security may not have a market at the time of sale due to uncertain/insufficient liquidity in the secondary market, then the scheme may have to bear an impact depending on its exposure to that particular security.

#### **Risk Factors Associated with Investments in REITs and InVITs**

- **Risk of lower than expected distributions:** The distributions by the REIT or InVITs will be based on the net cash flows available for distribution. The amount of cash available for distribution principally depends upon the amount of cash that the REIT/InVITs receives as dividends on the interest and principal payments from portfolio assets. The cash flows generated by portfolio assets from operations may fluctuate primarily based on the below, amongst other things:
  - Success and economic viability of tenants and off-takers
  - Economic cycles and risks inherent in the business which may negatively impact valuations, returns and profitability of portfolio assets
  - Force majeure events related such as earthquakes, floods, etc. rendering the portfolio assets inoperable
  - Debt service requirements and other liabilities of the portfolio assets
  - Fluctuations in the working capital needs of the portfolio assets
  - Ability of portfolio assets to borrow funds and access capital markets
  - Changes in applicable laws and regulations, which may restrict the payment of dividends by portfolio assets
  - Amount and timing of capital expenditures on portfolio assets
  - Insurance policies may not provide adequate protection against various risks associated with operations of the REIT/InVITs such as fire, natural disasters, accidents, etc.
  - Taxation and regulatory factors
- **Price Risk:** The valuation of REIT/InVITs units may fluctuate based on economic conditions, fluctuations in markets (e.g. Real estate) in which the REIT/InVITs operates and resulting impact on the value of the portfolio of assets, regulatory changes, force majeure events, etc. REITs and InVITs may have volatile cash flows. As an indirect shareholder of portfolio assets, unit holders' rights are subordinated to the rights of creditors, debt holders and other parties specified under Indian Law in the event of insolvency or liquidation of any of the portfolio assets.
- **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.

- **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.
- **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.

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.

#### **Risks Associated with Repo in Corporate Debt**

##### **Illiquidity Risk**

The repo market for corporate debt securities is over the counter (OTC) and illiquid. Hence, repo obligations cannot be easily sold to other parties. Therefore, to mitigate such risks, it has been stipulated that gross exposure to Repo in corporate bonds would be limited to 10% of net assets of the concerned scheme. Further, the tenor of repo would be taken based on nature and unit holders' pattern of the scheme.

##### **Counter-party risk**

Credit risk would arise if the counter-party fails to repurchase the security as contracted or if counterparty fails to return the security or interest received on due date. To mitigate such risks, the schemes shall carry out repo transactions with only those counterparties, which has a credit rating of 'A1+' or 'AA and above'. In case of lending of funds as a repo buyer, minimum haircuts on the value of the collateral security have been stipulated, and we would receive the collateral security in the scheme's account before the money is lent to the counterparty. Overall, we would have a limited number of counter-parties, primarily comprising of Mutual Funds, Scheduled Commercial banks, Financial Institutions and Primary dealers. Similarly, in the event of the scheme being unable to pay back the money to the counterparty as contracted, the counter-party may hurriedly dispose of the assets (as they have sufficient margin) and the net proceeds may be refunded to the Scheme. Thus, the Scheme may suffer losses in such cases. Sufficient funds flow management systems are in place to mitigate such risks.

##### **Collateral Risk (as a repo buyer)**

Collateral risks arise due to fall in the value of the security (change in credit rating and/or interest rates) against which the money has been lent under the repo arrangement. To mitigate such risks, we have stipulated the minimum credit rating of the issuer of collateral security.

('AA' for long-term instruments/A1+ for money market instruments), maximum duration of the collateral security (10 years) and minimum haircuts on the value of the security.

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

CDMDF is set up as a scheme of the Trust registered as an Alternative Investment Fund ('AIF') in accordance with the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"). The objective of the CDMDF is to help to develop the corporate debt market by providing backstop facility to instill confidence amongst the market participants in the corporate debt/bond market during times of market dislocation and to enhance the secondary market liquidity. In times of market dislocation, CDMDF shall purchase and hold eligible corporate debt securities from the participating investors (i.e., specified debt-oriented MF schemes to begin with) and sell as markets recover. The CDMDF will thus act as a key enabler for facilitating liquidity in the corporate debt market and to respond quickly in times of market dislocation. The trigger and period for which the backstop facility will be open shall be as decided by SEBI. Thus, this backstop facility will help fund managers of the aforementioned Schemes to better generate liquidity during market dislocation to help the schemes fulfill liquidity obligations under stress situation.

In accordance with the requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with Chapter 16A of SEBI Master Circular dated June 27, 2024 on Investment by Mutual Fund Schemes in units of Corporate Debt Market Development Fund, the aforementioned schemes shall invest 25 bps of its AUM as on December 31, 2022 in the units of the Corporate Debt Market Development Fund ('CDMDF'). An incremental contribution to CDMDF shall be made every six months to ensure 25 bps of scheme AUM is invested in units of CDMDF. However, if AUM decreases

there shall be no return or redemption from CDMD. Contribution made to CDMD, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMD.

We would further like to bring to the notice of the investors that investments in CDMD units shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable Investment limits) and the calculations of Potential Risk Class (PRC) Matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMD.

#### **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 Triparty 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 aforementioned 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 Management & Liquidity Management tools:**

**Potential Risk Matrix (PRC) & Risk-o-meter:** Investors are requested to review this scheme's Potential Risk Matrix (PRC) to understand the maximum risk that this scheme will run as per design and & Risk-o-meter to understand periodical measurement of that risk on a regular basis. Investors are suggested to read about various disclosures under the section "PERIODIC DISCLOSURES" pertaining to "Potential Risk Class Matrix" & "Product Labelling and Risk-o-meter" to understand in detail the disclosure frequency and remedial measures in case of breaches in the boundaries

**Mandatory Liquidity requirement:** The scheme adopts the Liquidity Risk Management framework mandated by SEBI and AMFI which helps estimates liquidity requirement by determining liquidity risk arising from the liability side and tries to covers all potential liquidity risk scenarios up to agreed confidence interval and has mandated remedial measures both for managing the risk on an ongoing basis (LRaR & LCRaR) as well as action plan in case there is a difference between actual outcome and projected outcome. Investors can refer to the Chapter of 4 of SEBI Master Circular dated June 27, 2024 for detail understanding on the Liquidity Risk Management Framework.

Further Investment manager also evaluates and monitors the Asset Liability Mismatch (ALM) which addresses the gap in the estimated potential liquidity requirement over a 90-day period and schemes investment / assets liquidity to meet the potential requirement and best ensures that scheme has necessary liquidity to meets its liability obligations.

**Stress testing the scheme portfolio:** The investment manager periodically stress tests the scheme portfolio to address the asset side risk from an Interest Rate, Credit and Liquidity Risk perspective at an aggregate portfolio level and evaluate the stress in terms of its impact on the NAV of the scheme. The stress test is performed using the methodology and periodicity as mandated by AMFI in consultation to SEBI.

**Swing Pricing:** The AMC has a Swing Pricing policy in place to help in case of severe liquidity stress at an AMC level or a severe dysfunction at market level, the Swing Pricing offers the contingency plan in case of extreme exigencies. Investors are suggested to read the detail disclosure pertaining to this policy in "**Swing Pricing Framework**".

#### **RISK CONTROL:**

The Investment Manager endeavours to invest in REITs/InvITs, where adequate due diligence and research has been performed by the Investment Manager. The Investment Manager also relies on its own research as well as third party

research. This involves one to one meeting with the managements, attending conferences and analyst meets and also tele-conferences. The analysis will focus, amongst others, on the predictability and strength of cash flows, value of assets, capital structure, business prospects, policy environment, strength of management, responsiveness to business conditions etc.

### **Risk Mitigation Measures**

#### **Concentration Risk**

The AMC will mitigate this risk by investing in sufficiently large number of issuers spread across the sectors so as to maintain optimum diversification and keep issuer/sector specific concentration risk relatively low.

#### **Liquidity Risk**

The Schemes will invest in debt instruments and money market instruments. While the liquidity risk for government securities, money market instruments and short maturity corporate bonds may be low, it may be high in case of medium to long maturity corporate bonds. Liquidity risk is today characteristic of the Indian fixed income market. The Schemes will however, endeavor to minimize liquidity risk by investing in securities having a liquid market.

**Credit Risk** - The fund has a rigorous credit research process. There is a regulatory and internal cap on exposure to each issuer. This ensures a diversified portfolio and reduced credit risk in the portfolio.

### **1. Special Considerations**

- Prospective investors should study this Scheme Information Document and Statement of Additional Information carefully in its entirety and should not construe the contents hereof as advice relating to legal, taxation, financial, investment or any other matters and are advised to consult their legal, tax, financial 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/hold Units.
- Neither this Scheme Information Document (SID), SAI nor the Units have been registered in any jurisdiction. The distribution of this Scheme Information Document or Statement of Additional Information in certain jurisdictions may be restricted or totally prohibited to registration requirements and accordingly, persons who come into possession of this Scheme Information Document or Statement of Additional Information are required to inform themselves about and to observe any such restrictions and/ or legal compliance requirements.
- The AMC, Trustee or the Mutual Fund have not authorized any person to issue any advertisement or to give any information or to make any representations, either oral or written, other than that contained in this Scheme Information Document or the Statement of Additional Information or as provided by the AMC in connection with this offering. Prospective Investors are advised not to rely upon any information or representation not incorporated in the Scheme Information Document or Statement of Additional Information or as provided by the AMC as having been authorized by the Mutual Fund, the AMC or the Trustee.
- Redemption due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any such tax consequences that may arise due to such Redemption.
- The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the Scheme is wound up for the reasons and in the manner provided in Statement of Additional Information.
- 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 advice received by the AMC regarding the law and practice currently in force in India as on the date of this Scheme Information Document 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.
- 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 or who have been designated as such by the investor. In addition, the Mutual Fund may disclose such details to the bankers, as may be necessary for the purpose of effecting payments to the investor. The Fund may also disclose such details to regulatory and statutory authorities/bodies as may be required or necessary.
- In case the AMC or its Sponsor or its Shareholders or their affiliates/associates or group companies make substantial investment, either directly or indirectly in the Scheme. Redemption of Units by these entities may have an adverse impact on

the performance of the Scheme. This may also affect the ability of the other Unit holders to redeem their units.

- As the liquidity of the Scheme investments may sometimes be restricted by trading volumes and settlement periods, the time taken by the Fund for Redemption of Unit may be significant in the event of an inordinately large number of Redemption Requests or of a restructuring of the Scheme portfolio. In view of this, the Trustee has the right, in its sole discretion, to limit redemptions under certain circumstances - please refer to the paragraph Right to Limit Redemptions.

**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 thereunder 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 thereunder by SEBI and/or RBI without obtaining the prior approval of the investor/Unit holder/any other person.

### III. HOW TO APPLY?

Application form for transactions (including subscription / redemption / switches) in the schemes of Shriram Mutual Fund would be available at the offices of Registrar, official point of acceptance of transactions, at the corporate office and Administrative Head Office of the AMC and / or the offices of the distributors.

Applications complete in all respects, may be submitted before closure of the New Fund Offer Period / during the on-going offer at specified centres / during the business hours at the Official point of acceptance of transactions, or may be sent by mail to the Registrar, Computer Age Management Services Pvt. Ltd, New No.10, Old No. 178, M.G.R. Salai, Nungambakkam, Chennai - 600 034 or at Shriram Asset Management Co. Ltd., 511-512, Meadows, Sahar Plaza, J. B. Nagar, Andheri (East), Mumbai - 400 059 and CK - 6, 2nd Floor, Sector II, Salt Lake City, Kolkata - 700091. The AMC reserves the right to reject transaction requests which do not have adequate information. Kindly retain the acknowledgment slip initials / stamped by the collecting entity.

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

1. In case of direct applications, the Investor should write in the space provided for the broker code "**Direct Application**" or "**Not Applicable(N.A.)**".
2. In case of change in broker, the investor will be required to strike off the old broker code and countersign near the new broker code, before submitting the application form / transaction form / purchase form at the applicable collection centres / OPA (Official points of Acceptance).
3. The Registrar and the AMC shall effect the received changes in the broker code within the reasonable period of time from the time of receipt of written request from the investor at the designated collection centres / OPA. Decision of the Registrar/AMC in this regard shall be final and acceptable to all.
4. All Unitholders who have currently invested through channel distributors and intend to make their future investments through the direct route are advised to complete the procedural formalities prescribed by AMC from time to time.
5. List of Official Points of Acceptance is available on the website of the Mutual Fund. The website is [www.shriramamc.in](http://www.shriramamc.in)

The Mutual Fund need to use intermediaries such as post office, local and international couriers, banks and other intermediaries for correspondence with the investor and for making payment to the investor by cheque, drafts, warrants, through ECS etc. The investor expressly agrees and authorizes the Mutual Fund to correspond with the investor or make payments to the investors through intermediaries including but not limited to post office, local and international couriers and banks.

Investors will be provided ASBA facility for all NFO launched on or after October 01, 2010. ASBA means "Application Supported by Blocked Amount". ASBA is an application containing an authorization to block the application money in the bank account, for applying during the NFO. An ASBA investor shall submit an ASBA physically or electronically through the internet banking facility, to the Self Certified Syndicate Bank (SCSB) with whom, the bank account to be blocked, is maintained. Self-Certified Syndicate Bank has the same meaning as given to it in clause (zi) of sub regulation

(1) of regulation 2 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. SCSB is a bank which is recognized as a bank capable of providing ASBA services to its customers. Names of such banks would appear in the list available on the website of SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)).

The SCSB shall then block the application money in the bank account specified in the ASBA, on the basis of an authorisation to this effect given by the account holder in the ASBA. The application money shall remain blocked in the bank account till the allotment of the issue or till withdrawal/ rejection of the application, as the case may be. ASBA facility will be available to all the category of investors mentioned under "Who can invest" Section of the respective SID. An investor, who is eligible for ASBA facility, has the option of making application through ASBA or through the existing facility of applying with cheque / demand draft as mentioned in the SID.

The Registrar, AMC, MF or any other agent or representative of any of these entities ('Mutual Fund') may accept certain transactions via facsimile or through any electronic mode ('fax/electronic transactions'), subject to the investor fulfilling certain terms and conditions as stipulated by the AMC from time to time.

Acceptance of fax/electronic transactions will be as per processes / methodologies permitted by SEBI or other regulatory authorities from time to time and will be solely at the risk of the investor using the fax/electronic transaction ('Investor') and the Mutual Fund shall not be in any way liable or responsible for any loss, damage, caused to the Investor directly or indirectly, as a result of the Investor sending such fax, whether or not received by the Mutual Fund. The investor acknowledges that fax / electronic transaction is not a secure means of giving instructions / transaction requests and that the investor is aware of the risk involved including those arising out of such transmission being inaccurate, illegible, having a lack of quality or clarity, garbled, distorted, not timely etc. and that the Investor's request to the Mutual Fund to act on any fax / electronic transaction is for the investor's convenience and the

investor shall not be obliged or bound to act on the same. The Investor authorizes the Mutual Fund to accept and act on any fax / electronic transaction which the Mutual Fund believes in good faith to be given by the Investor and the Mutual Fund shall be entitled to treat any such fax / electronic transaction as if the same was given to the Mutual Fund under the investor's original signature. The Investor agrees that the security procedures adopted by the Mutual Fund may include signature verification, telephone call backs or a combination of the same.

Call backs may be recorded by tape recording device and the Investor consents to such recording and agrees to co-operate with the recipient to enable confirmation of such fax / electronic transaction requests. The investor further accepts that the fax / electronic transaction shall not be considered until time stamped appropriately as a valid transaction request in the scheme in line with SEBI Regulations. In consideration of the mutual fund from time to time accepting and acting on any fax / electronic transaction request received / believed to be received from the investor, the investor agrees to indemnify and keep indemnified the AMC, Shriram Mutual Fund, Trustees, Sponsor and the group companies of the AMC from and all actions, claims, demands, liabilities, obligations, losses, damages, costs (including without limitation, interest and legal fees) and expenses of whatever name (whether actual or contingent) directly or indirectly suffered or incurred sustained by or threatened against them. The AMC reserves the right to discontinue the above mentioned facilities at any point in time.

Investors are requested to note that in accordance with AMFI Best Practice Guidelines Circular No. 48/2014 - 15 dated June 24, 2014, effective July 15, 2014, if the Scheme name on the application form/transaction slip and on the payment instrument are different, the application shall be processed and units allotted at applicable NAV of the scheme mentioned in the application/transaction slip duly signed by investor(s), given that the same constitutes a valid legal document between the investor and the AMC. The AMC thereafter shall not be responsible for any loss suffered by the investor due to the discrepancy in the scheme name mentioned in the application form/transaction slip and payment instrument.

#### **A. Restriction on Acceptance of Third Party Payments for Subscription of Units**

1. Shriram Asset Management Co. Ltd ("AMC")/ Shriram Mutual Fund ("Mutual Fund"), shall not accept applications for subscriptions of units accompanied with Third Party Payments from the Effective Date except in cases as enumerated in para 2A below.

"Third Party Payment" means payment made through an instrument issued from a bank account other than that of the beneficiary investor i.e. first named applicant/investor mentioned in the application form. In case of payment instruments issued from a joint bank account, the first named applicant/investor must be one of the joint holders of the bank account from which the payment instrument is issued.

##### **For example :**

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

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

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

2. A. As referred to in para 1 above, following are the exceptional cases where third party payments will be accepted subject to submission of requisite documentation/declarations.

i) Payment by Parents/Grand-Parents/Related Persons\* on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs. 50,000 for each regular purchase or per SIP instalment. However, this restriction will not be applicable for payment made by a guardian whose name is registered in the records of mutual fund in that folio.

ii) Payment by Employer on behalf of employee under Systematic Investment Plans or Lump sum/ one-time subscription, through payroll deductions out of expense reimbursements.

iii) Custodian on behalf of an FII or a Client.

\* 'Related Person' means any person investing on behalf of a minor in consideration of natural love and affection or as a gift.

2. B. Investors submitting their applications through the above mentioned 'exceptional cases' are required to comply with the following, without which applications for subscriptions for units will be rejected/not processed/refunded. In case of rejection the money shall be refunded without interest within eight days from the date of submission of transaction.

(i) Mandatory KYC for all investors (guardian in case of minor) and the person making the payment i.e. third party. In order for an application to be considered as valid, investors and the person making the payment should attach their valid KYC Acknowledgement Letter to the application form.

(ii) Submission of a separate, complete and valid 'Third Party Payment Declaration Form' from the investors (guardian in case of minor) and the person making the payment i.e. third party. The said Declaration Form shall, inter alia, contain the details of the bank account from which the Payment is made and the relationship with the investor(s). Please contact the nearest Investor Service Centre of Shriram Mutual Fund or visit our website [www.shriramamc.in](http://www.shriramamc.in) for the said Declaration Form.

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

##### **(i) Source of funds - if paid by cheque**

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

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

(a) a copy# of the bank passbook or a statement of bank account having the name and address of the account holder and

account number;

(b) a letter\* (in original) from the bank on its letterhead certifying that the investor maintains an account with the bank, along with information like bank account number, bank branch, account type, the MICR code of the branch & IFSC Code (where available). # Investors should also bring the original documents along with the documents mentioned in (a) above to the ISCs/Official Points of Acceptance of Shriram Mutual Fund. The copy of such documents will be verified with the original documents to the satisfaction of the AMC/Mutual Fund/ R&TA. The original documents will be returned across the counter to the investor after due verification. In respect of (b) above, it should be certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number. Investors should note that where the bank account numbers have changed on account of the implementation of core banking system at their banks, any related communication from the bank towards a change in bank account number should accompany the application form for subscription of units

The Mutual Fund has also provided a facility to the investors to register multiple bank accounts. By registering multiple bank accounts, the investors can use any of the registered bank accounts to receive redemption/dividend proceeds. These account details will be used by the AMC/ Mutual Fund/R&TA for verification of instrument used for subscription to ensure that third party payments are not used for mutual fund subscription, except where permitted in (2A) above. Investors are requested to avail the facility of registering multiple bank accounts by filling in the Application Form for Registration of Multiple Bank Accounts available at our Investor Service Centres (ISCs) or on our website [www.shriramamc.in](http://www.shriramamc.in)

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

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

(I) Payments towards subscription of Units - DD issued against debit to investor's bank account :

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

A proof of debit to investor's bank account in the form of a bank manager's certificate with details of account holder's Name, bank account number and PAN as per bank records, if available.

A copy of the acknowledgement from the bank, wherein the instructions to debit carry the bank account details and name of the investor as an account holder are available. A copy of the passbook/bank statement evidencing the debit for issuance of a DD

**(iii) Source of funds - if paid by a pre-funded instrument issued by the Bank against Cash**

The AMC/Mutual Fund/R&TA will not accept any purchase applications from investors if accompanied by a pre-funded instrument issued by a bank against cash for investments of Rs. 50,000 or more. This also should be accompanied by a Certificate (in original) obtained from the bank giving name, address, Bank account number and PAN (if available) of the person who has requested for the payment instrument. The said Certificate should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number. The AMC/Mutual Fund/R&TA will check that the name mentioned in the Certificate matches with the first named investor.

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

In case the application for subscription does not comply with the above provisions, the AMC/Trustee retains the sole and absolute discretion to reject/not process such application and refund the subscription money and shall not be liable for any such rejection.

**(iv) Source of funds- if paid by RTGS, Bank Account-to-Account Transfer, NEFT, ECS, etc.**

Investors should attach to the purchase application form, an acknowledged copy of the instruction to the bank also stating the account number debited. The account number mentioned on the transfer instruction copy should be a registered bank account or the first named applicant/ investor should be one of the account holders to the bank account debited for such electronic transfer of funds.

The above broadly covers the various modes of payment for mutual fund subscriptions. The above list is not a complete list and is only indicative in nature and not exhaustive. Any other method of payment, as introduced by the Mutual Fund, will also be covered under these provisions.

**B.** All cheques/DDs/pay orders should be crossed as "Account payee". In order to prevent frauds and misuse of payment instruments, the investors are mandated to make the payment instrument (cheque, demand draft, pay order, etc.) favouring "Shriram Scheme Name" as mentioned in the application form/addendum at the time of the launch

**C.** Investors transacting through MFSS/BSE STAR MF Platform under the electronic order collection system for schemes which are unlisted and Stock Exchange(s) for the listed schemes will have to comply with norms/rules as prescribed by Stock Exchange(s).

In case the application for subscription does not comply with the above provisions, the AMC/Trustee retains the sole and absolute discretion to reject/not process such application and refund the subscription money and shall not be liable for any such rejection.

The Trustee reserves the right to modify the aforesaid requirements at their sole discretion. All other terms and conditions of the Statement of Additional Information will remain unchanged.

**(v) Source of funds - if paid by Cash**

In accordance with SEBI Circular Nos. CIR/IMD/DF/21/2012 dated September 13, 2012 and CIR/IMD/DF/10/2014 dated May 22, 2014 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, cash transactions in mutual funds to the extent of 50,000/- per investor, per mutual fund, 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 AML rules, regulations and guidelines and

(ii) Sufficient systems and procedures in place.

Repayment in the form of redemptions, dividend, etc. with respect to aforementioned investments shall be paid only through banking channel.

**Mode of Payment -Resident Investors :**

Investors shall make payments for subscription to the Units of the Scheme at the bank collection centre / official points of acceptance by local Cheque/Payorder/ Bank Draft, drawn on any bank branch, which is a member of Bankers Clearing House and located in the Official points of acceptance of transactions where the application is lodged. The Cheque/ DD/ Payorder should be drawn in favour of the relevant scheme / plan as per the instructions provided in the application forms etc.

Please note that all cheques / DDs/ Payorders should be crossed as account payee and the DD/bank charges on the same will have to be borne by the investor. However in case of outstation demand drafts the bank charges for the same could be borne by the AMC in some schemes, the details of which will be communicated to the investors.

Payments by Cash, money orders, postal orders, Stock invests and out- station and/ or post-dated cheques will not be accepted. Centres other than the places where there are Official Points of Acceptance of Transactions as designated by the AMC from time to time are Outstation centres. Investors residing at outstation centres should send demand drafts drawn on any bank branch which is a member of Bankers Clearing House payable at any of the places where an Official Points of Acceptance of Transactions is located. In case of an applicant who is a resident of a city which is not serviced by any ISC, the AMC shall bear the bank charges for the demand draft borne by such applicant, and allot Units for the amount inclusive of such charges. The AMC will bear the demand draft charges only in case of investments in equity schemes (excluding FOF and NIFTY Fund) of the Mutual Fund as mentioned below :

**Amount of investment Demand Draft charges**

The charges borne by the AMC shall be restricted to equivalent the charges on demand drafts as levied by the State Bank of India or maximum of Rs. 1000/- (whichever is lower).

The AMC may, at its discretion, refuse to bear the demand draft charges in case of investments made by the same applicant(s) through multiple applications and such decision of the AMC will be final and binding on the investor. It may be noted that other than demand draft charges, any other charge incurred by the investor will not be borne by the AMC. Further, additional charges, if any, incurred by an investor over and above the levels indicated above will not be borne by the AMC. The AMC will not entertain any request for refund of demand draft charges. No demand draft charges will be borne by the AMC for purchase of Units by investors residing at such locations where the ISCs / Designated Collection Centres of the AMC are located.

For payments through net banking and debit cards, investors shall provide details of the bank account debited from the payment gateway service provider and the AMC shall match the same with the registered pay-in accounts. In case it is found that the payment is not made from a registered bank account or from an account not belonging to the first named unit holder, the AMC/R&TA shall reject the transaction with due intimation to the investor.

**NRIs, FIIs**

**Subscription by NRIs**

In terms of Schedule 5 of Notification no. FEMA 20/2000 dated May 3, 2000, RBI has granted general permission to NRIs to purchase, on repatriation basis units of domestic mutual funds. Further, the general permission is also granted to NRIs to sell the units to the mutual funds for repurchase or for the payment of maturity proceeds, provided that the units have been purchased in accordance with the conditions set out in the aforesaid notification. For the purpose of this section, the term "mutual funds" is as referred to in Clause (23D) of Section 10 of Income-Tax Act 1961. However, NRI investors, if so desired, also have the option to make their investment on a non-repatriable basis.

**Subscription by FIIs**

In terms of Schedule 5 of Notification no. FEMA 20/2000 dated May 3 2000. RBI has granted general permission to a registered FII to purchase on a repatriation basis units of domestic mutual funds subject to the conditions set out in the aforesaid notification. Further, the general permission is also granted to FIIs to sell the units to the mutual funds for repurchase or for the payment of maturity proceeds, provided that the units have been purchased in accordance with the conditions set out in the aforesaid notification. For the purpose of this section, the term "mutual funds" is as referred to in Clause (23D) of Section 10 of Income-Tax Act 1961.

**Mode of Payment on Repatriation basis NRIs**

In case of NRIs and persons of Indian origin residing abroad, payment may be made by way of Indian Rupee drafts purchased abroad and payable at Mumbai or by way of cheques drawn on Non-Resident (External) (NRE) Accounts payable at par at Mumbai. Payments can also be made by means of rupee drafts payable at Mumbai and purchased out of funds held in NRE/FCNR Accounts.

In case Indian rupee drafts are purchased abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

**FIIs**

FIIs may pay their subscription amounts either by way of inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-resident Rupee Account maintained by the FII with a designated branch of an authorized dealer with the approval of the RBI subject to the terms and conditions set out in the aforesaid notification.

All cheques/drafts should be made out in favour of the scheme and crossed "Account Payee Only". In case Indian Rupee drafts are purchased abroad or from FCNR/NRE A/c. an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

**Mode of payment on Non-Repatriation basis**

In case of NRIs/Persons of Indian origin seeking to apply for Units on a non-repatriation basis, payments may be made by cheques/demand drafts drawn out of Non-Resident Ordinary (NRO) accounts/ Non-Resident Special Rupee (NRSR) accounts and Non Resident Non-Repatriable (NRNR) accounts payable at the city where the Application Form is accepted.

Refunds, interest and other distribution (if any) and maturity proceeds/ repurchase price and /or income earned (if any) will be payable in Indian Rupees only. The maturity proceeds/repurchase value of units issued on repatriation basis, income earned thereon, net of taxes may be credited to NRE/FCNR account (details of which should be furnished in the space provided for this purpose in the Application Form) of the non-resident investor or remitted to the non-resident investor by way of Indian Rupees converted into US dollars or into any other currency, as may be permitted by the RBI, at the rate of exchange prevailing at the time of remittance and will be dispatched through Registered Post at the unitholders risk. The Fund will not be liable for any loss on account of exchange fluctuations, while converting the rupee amount in US dollar or any other currency. Credit of such proceeds to NRE/FCNR account or remittance thereof may be permitted by authorized dealer only on production of a certificate from the Fund that the investment was made out of inward remittance or from the Funds held in NRE/FCNR account of the investor maintained with an authorized dealer in India. However, there is no objection to credit of such proceeds to NRO/NRSR account of the investor if he so desires.

Subscription by Multilateral Funding Agencies, on full repatriation basis, is subject to approval by the Foreign Investment Promotion Board.

**Investors are requested to contact any of the Investor Service Centres (ISCs) of Shriram Mutual Fund for further details.**

**Application under Power of Attorney/Body Corporate/ Regd. Society/Trust/Partnership:**

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

**Joint Applicant:**

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

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

**Ultimate Beneficial Owner (UBO):**

UBO means 'Natural Person', or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement. In the event of change in beneficial ownership, investors are requested to immediately update details with the Fund/ Registrar. The provisions relating to UBO are not applicable where the investor or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company.

The Fund/AMC reserves the right to reject application forms submitted by non-individual applicants/ investors without filling the UBO declaration (forming part of the application form). Further, investors are requested to immediately inform the Fund/AMC in case of any change in the beneficial ownership details provided by them.

In addition to the above, effective from November 01, 2015 it is mandatory for all new Mutual Fund investors to provide 'Beneficial Ownership' details as part of account opening, as required under the regulatory guidelines and effective from January 01, 2016 it is mandatory for all existing Mutual fund investors to update the beneficiary ownership details in order to continue to make additional subscriptions (including switches) in their existing folios/accounts (AMFI Best Practices Guidelines Circular No. 62/2015-16 dated September 18, 2015)

**Acceptance of financial transactions through email in respect of non-individual investors:**

Non-individual unitholders desiring to avail the facility of carrying out financial transactions through email in respect of Shriram Mutual Fund schemes shall

- a) Submit a copy of the Board resolution or an authority letter on their letter head (signed by competent authority), granting appropriate authority to the designated officials of their entity.
- b) The board resolution/authority letter should explicitly consist of:
  - (i) List of approved authorized officials who are authorized to transact on behalf of non-individual investors along with their designation and email IDs.
  - (ii) An Undertaking that the instructions for any financial transactions sent by email by the authorized officials shall be binding upon the entity as if it were a written agreement.
- c) In case the document is submitted electronically with a valid Digital Signature Certificate (DSC) or through Aadhaar based e-signature by the authorized official/s, the same shall be considered as valid and acceptable and shall be binding on the non-individual investor even if the transaction request is not received from the registered email id. of the authorized official/s. However, in such cases, the domain name of the email ID should be from the same organization's official domain name.
- d) In addition to acceptance of financial transaction via email, scanned copy of duly signed transaction form/request letter bearing wet signatures of the authorized signatories of the entity, received from some other official / employee of the non-

individual investor may also be accepted, and shall be binding on the non-individual investor provided -

- (i) The email is also cc'd (copied) to the registered email ID of the authorized official / signatory of the non-individual unitholder; and
  - (ii) the domain name of the email ID of the sender of the email is from the same organization's official domain name.
- e) No change in bank details or addition of bank account of the entity or any non-financial transactions shall be allowed / accepted via email.
  - f) Request for change in bank details or addition of bank account of the entity shall be submitted by the non-individual investor using the prescribed service request form duly signed by the entity's authorized signatories with wet signature of the designated authorized signatories.
  - g) Change in the registered email address / contact details of the entity shall be accepted only through a physical letter (including scanned copy thereof) with wet signature of the designated authorized officials of the entity, duly supported by copy of the board resolutions/authority letter on the entity's letter head.
  - h) In addition to acceptance of financial transactions via email, scanned copies of signed transaction form /request letters bearing wet signatures of the authorized signatories of the entity, received from the registered MFD of the entity or a third party authorized by the non-individual unitholder may also be accepted subject to fulfillment of the following requirements:
    - a) Authorization letter from the non-individual unitholder authorizing the MFD/person to send the scanned copies of signed transaction form/request letter on behalf the non-individual investor and
    - b) the non-individual unitholder's registered email ID is also cc'd (copied) in the email sent by the authorized MFD/person sending the scanned copies of the duly signed transaction form/request letter.

➤ **Terms and Conditions for acceptance of financial transactions through email are given below:**

1. Investor is aware of all the risks involved in transacting through email mode and is also aware of the risks involved including those arising out of transmission of electronic mails.
2. Shriram Asset Management Company Limited ("the AMC") /RTA shall not be liable in case the transaction sent or purported to be sent by the investor is not received by the AMC/ RTA due to any reason and hence not processed.
3. Investor should maintain adequate safeguards / measures to ensure the security of email communication.
4. Investor availing the facility for submitting financial transactions via email shall retain records of such transactions in line with the applicable laws / regulations.
5. Investor should follow appropriate procedure for addition/deletion in the name of authorized signatories of the Investor along with the manner of notification of the same to the AMC.
6. Any change in the registered email id/contact details shall be accepted only from the designated officials authorized to notify such changes vide board resolutions/authority letter. Further, such change request shall be submitted through physical request letter (or a scanned copy thereof with wet signature of the designated authorized officials) only.
7. No change in /addition to the bank mandate shall be allowed via email. Change in bank details or addition of bank account of the investor shall be permitted only via the prescribed service request form duly signed by the investor's authorized signatories with wet signature of the designated authorized officials.

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

The following Special Products / Facilities are being offered by the AMC / Schemes:

### **I. Systematic Investment Plan:**

This facility enables investors to save and invest periodically over a longer period of time. It is a convenient way to "invest as you earn" and affords the investor an opportunity to enter the market regularly, thus averaging the acquisition cost of Units. SIP Facility is available only under the Regular Plan and Direct Plan of the Scheme. A minimum period of 25 - 30 days shall be required for registration under SIP. Investors can avail this facility either through Post-dated Cheques OR through the National Automated Clearing House (NACH). Investor shall have the option of choosing any date of the month as the SIP date from 01st to 28th except the last three calendar dates 29th, 30th and 31st. If SIP debit date is not mentioned default date would be considered as 15th of every month. Even If the Investor selects or mentions the SIP dates as 29th, 30th or 31st, the default SIP date would be considered as 15th of every month only. All the cheques/payment instructions (including the first cheque/payment instruction) shall be of equal amounts. Non MICR/Outstation cheques will not be accepted. MICR Code starting and/ or ending with "000" are not valid for NACH. There is no upper limit for the Purchase for a single cheque/payment instruction or in aggregate. Please note that SIP will be started subject to the realization of the first registration cheque. The AMC reserves the right to reject any application inter

alia in the absence of fulfillment of any regulatory requirements, fulfillment of any requirements as per the SID, incomplete/incorrect documentation and furnishing necessary information to the satisfaction of the Mutual Fund/AMC.

The conditions for investing in SIP during the Ongoing Offer Period are as under:

- Investors can enroll themselves for SIP by submitting the enrolment form along with the relevant documents including post-dated cheques/ auto / NACH debit instructions along with the first cheque to start SIP and a cancelled cheque or a copy of cheque as the case may be at any of our ISC's. In case of Post Dated Cheques the date of the first cheque shall be dated on or before the date of submission of the application form while the remaining cheques (minimum 5 in case of Monthly or 3 in case of Quarterly option) shall be post-dated cheques (dated uniformly for the stipulated SIP Date of a month or quarter).
- The installment of the SIP will be processed subject to applicable NAV & load, if any, on the date of submission on any Business Day. The 2nd installment in case of monthly SIP will be processed on the chosen SIP date indicated by the investor, after a gap of 25 to 30 calendar days from the date of processing of the first SIP. If the choice of date for the second installment is not indicated by the investor, the second installment of SIP will be by default processed on the 5th of the month. In case of quarterly SIP, the default date for next installment will be 15th of the relevant month. If any of above dates falls on a holiday/non-business day, the transaction will be taken as of the next Business Day. At the time of registration of SIP, if the 'default' end date is not mentioned by the investor, it will be registered for a default period upto 31st December 2099. The SIP installments shall continue until 31st December, 2099 unless the investor instructs Shriram Asset Mutual Fund to discontinue the SIP. If there is an ambiguity in the enrolment period of the SIP, the second installment of SIP will be by default processed for the SIP date chosen (15th of the month if not specified) for a default period of 12 months.
- An extension of an existing SIP will be treated as a new SIP on the date of such application, and all the above conditions need to be met with. The load structure prevailing at the time of submission of the SIP application (whether fresh or extension) will apply for all the installments indicated in such application.
- Termination of SIP - For discontinuation of SIP the unit holder / investor should intimate the AMC / ISC at least 15 working days prior to the due date of next cheque / SIP installment of every month / quarter. On such request, SIP will be terminated and the balance post-dated cheques will be returned to the investor or the debit instruction given by the investor will be cancelled.
- In case of cancellation of a SIP or cheques returned un-cleared for SIP installments or payment instructions not honored, the AMC may reduce the number of Units allotted against the previous installments. For all SIP installments, units will be allotted on realization basis as per guidelines.
- Any Unit Holder can avail of this facility subject to certain terms and conditions detailed in the Application Form.

### Top-up facility under Systematic Investment Plan (SIP)

'SIP Top-Up' is a facility which will enable investors to increase the amount of SIP installments at pre-defined frequency by a fixed amount during the tenure of SIP.

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

- 1- SIP Top-Up facility would be available to all existing and new SIP enrolments. Existing investors who have enrolled for SIP are also eligible to avail Top-Up facility and will be required to submit 'Systematic Investment Plan (SIP) with Top-up Facility' at least 25-30 calendar days prior to the Top-Up start month.
- 2- SIP Top-Up facility can be availed at half yearly and yearly intervals. In case the Top-Up frequency is not specified, Default will be considered as yearly frequency.
- 3- Minimum Top-Up amount would be Rs.500/- & in multiples of Re. 1/- thereafter for all the schemes of the Fund that offer SIP. In case of Shriram ELSS Tax Saver Fund the Minimum Top-Up amount would be Rs.500/- & in multiples of Re. 500/- thereafter.
- 4- In case the investor does not specify Top-Up amount, Rs.500/- will be considered as the Top-Up amount and the request will be processed accordingly.
- 5- SIP Top-up facility can be started after minimum 6 months from the date of 1st SIP. If the end-date of the Top-up facility is not mentioned the Top-up facility will be continued up till the tenure of the SIP. For example, if the SIP is registered up till 2099, and the end date of the Top-up facility is not mentioned; then the Top-up will continue till 2099.
6. SIP Top-Up will be subject to minimum SIP investment requirement, as applicable to the eligible schemes from time to time.
7. The Top-up details cannot be modified once enrolled. In order to make any changes, the investor must cancel the existing SIP and enroll for a fresh SIP with Top-up option.

An Illustration: The Top-Up facility will work as follows:

Details of SIP registered	Details of Top-up opted for
<ul style="list-style-type: none"> <li>• Fixed SIP Installment amount: Rs.5,000/-</li> <li>• SIP Period: 01-April-2016 till 31-March-2019 (3 years)</li> </ul> SIP date: 1st of every month (36 installments)	<ul style="list-style-type: none"> <li>• Example:</li> <li>• Top-Up Amount: Rs.1,000/-</li> <li>• Top-Up Frequency: Every 6 months</li> </ul>

Based on above details, SIP Installments shall be as follows:

Installment No(s).	SIP Installment (in Rs.) (A)	Top-Up amount (in Rs.) (B)	Monthly SIP Installment amount after Top-up (in Rs.) (A+B)
1 to 6	5,000	NA	5,000
7 to 12	5,000	1,000	6,000

13 to 18	6,000	1,000	7,000
19 to 24	7,000	1,000	8,000
25 to 30	8,000	1,000	9,000
31 to 36	9,000	1,000	10,000

### **SIP Pause facility:**

Under SIP Pause facility, the investor who has an ongoing SIP, has an option to pause the SIP. The investor will have to submit the signed SIP Pause facility form duly complete in all respects to avail this Facility.

The features, terms and conditions for availing the SIP Pause Facility are as follows:

- The SIP Pause Facility is available for SIP registration with monthly frequency only.
  - The request for SIP Pause should be submitted at least 10 days prior to the subsequent SIP date.
  - The request for SIP Pause can be for either 3 instalments or 6 instalments.
  - Investor can opt for the SIP Pause facility twice during the tenure of a particular SIP.
  - The SIP shall continue from the subsequent installment after the completion of Pause period automatically.
- The AMC reserves the right to change / modify the terms and conditions of the Facility or withdraw the Facility at a later date.

### **One Time Mandate (OTM) Facility:**

One Time Mandate (OTM) facility is one-time registration which can be used by an investor to instruct the bank account to deduct a specific amount towards investing into Systematic Investment Plan (SIP) through physical mode. After registering for OTM, investors do not need to follow the payment process every time while investing in SIP.

The Salient features of the OTM Facility are as under:

1. OTM is a one - time registration process wherein the Investor of the Scheme(s) of the Fund authorizes his/ her bank to debit their account up to a certain specified limit on request received from the Fund, as and when the instalment is due, without the need of submitting cheque or fund transfer letter with every instalment thereafter.
  2. OTM will be registered at a Folio level. In a Single Folio, Investor will be able to register 5 separate OTMs with different banks. Separate OTMs will need to be registered for separate Foliros. Once registered OTM Debit Mandate Form enables periodic deduction of Systematic Investment Plan (SIP) transactions. Facility is not available for Lumpsum transactions.
  3. New OTM submission will not replace the existing registered OTM in the Folio. It will be treated as additional OTM in the Folio which will be up to 5 OTMs per Folio. For any change or additional registration after the 5th OTM, the Investor will need to cancel any one of the Existing OTM in the Folio.
  4. The facility would enable investment through SIP in the schemes of the Fund by sending instructions indicating OTM usage for transaction through physical mode.
  5. The facility can be availed only if the Investor's Bank is participating in NACH (National Automated Clearing House) platform and subject to investor's bank accepting OTM registration mandate. Registration of One Time Mandate will take up to 25 - 30 Calendar days before the 1st installment date. This purely depends on the reverse response by NPCI.
  6. Registration of the facility or any deactivation thereof shall be carried out by the AMC on submission of valid written request at any Investor Service Centre of the AMC by the Investor. The AMC shall not be liable for execution of OTM based transaction, if any, occurring between the period of submission of discontinuation request and registration of such deactivation. Investors are also requested to read the Terms and Conditions of the OTM facility given on the reverse of the application form.
- The Trustees / AMC reserves the right to introduce, change, modify or withdraw the features available in this facility from time to time.

**Multi-SIP Facility:** This facility enables investors to start Investments through SIP for various eligible schemes (more than one or multiple) using a single application form.

All features / terms & conditions as applicable for investments through SIP shall also be applicable for availing the Multi-SIP facility subject to the following additional requirements:

1. Through this facility an investor can register SIP for maximum three schemes. A customized Multi-SIP form has been made available for the same. In case the investor wishes to register for more than three schemes a separate Multi-SIP form has to be filled up. Investors are requested to read the Terms and Conditions of the Multi SIP facility as given on the form and as shall be applicable / amended from time to time.
2. To avail this facility investor is required to fill up the One-Time Bank Mandate section (OTM Details) from which the amount shall be debited as per the SIP amounts applied for. The enrolment period specified in the SIP enrolment form should be less than or equal to the enrolment period mentioned in the OTM Details. In case of any deviation between the tenure for Multi-SIP and tenure mentioned in OTM Details, the transaction shall be processed till the tenure mentioned in "OTM Details". To initiate the investment, process the investor does not require to submit a physical cheque; however, Investors will be required to give a Cancel Cheque Leaf or a Copy of the Cheque for validation of bank account details.

Multi-SIP is only a facility for ease of investing in multiple schemes with one form. Investors are requested to note that each investment through Multi-SIP will be a separate investment in the concerned scheme and accordingly be governed by the terms and conditions of the relevant scheme.

The AMC reserves the right to change / modify the terms and conditions of the Facility or withdraw the Facility. Please refer to the Multi-SIP Facility Form and instructions before enrolment.

## **II. Systematic Transfer Plan**

This facility enables Unit Holders to transfer fixed sums from their Unit accounts in the Scheme to the existing schemes or other schemes launched by the Fund from time to time. The transfer will commence from the date mentioned by the Unit Holder in the Application Form for the facility. A minimum period of 5 days shall be required for registration under STP. The Units will be allotted / redeemed at the Applicable NAV of the respective dates of the Scheme on which such transfers are sought from the Scheme. In case the day on which the transfer is sought is a non-Business Day for the Scheme, then the application for the facility will be deemed to have been received on the immediately following Business Day. The facility of STP will not be available from any existing equity / equity oriented schemes to a non-equity scheme of the Fund. STP is not available for investments under lock-in period and for investments which are pledged.

### **Methodology:**

The Unitholder has to ensure to maintain minimum balance in accordance with Plans selected in the Transferor Scheme on the transfer date / execution date under Systematic Transfer Plan.

In case of insufficient balance on the date of transfer in the folio, STP for that particular due date will be processed based on the clear balance available in the scheme. In such cases where STPs are processed due to insufficient balance, the criteria for minimum application amount in the transferee scheme shall not apply except in case of Shriram ELSS Tax Saver Fund. However such residual transfer due to insufficient balance shall be done only once during the tenure of STP. For future STPs, in case the unitholder has sufficient balance, the amount as mentioned in the STP form shall be processed.

However, future STPs will continue to be active. This will help the investor to continue his STP facility seamlessly. Moreover, if the investor continues to have insufficient balance / unclear units for 3 consecutive months, the STP will be discontinued.

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

This facility enables the Unit Holders to withdraw sums from their Unit accounts in the Scheme at periodic intervals through a one-time request. The withdrawals will commence from the Start Date mentioned by the Unit Holder in the Application Form for the facility. A minimum period of 5 days shall be required for registration under SWP. The Units will be redeemed at the Applicable NAV of the respective dates on which such withdrawals are sought. However, if any of the dates on which the redemption is sought is a non-Business Day, the Units will be redeemed at the Applicable NAV of the next Business Day.

Options available and Minimum Amount Fixed withdrawal: Investors can withdraw fixed amount of Rs.500/- each and above at regular intervals.

- SWP is not available for investments under lock-in period and for investments which are pledged.
- The SWP payouts will be processed at the requested frequency. The investor can opt for direct credit of the redemption proceeds to their registered bank accounts. For investors banking with any other bank apart from above mentioned bank, the AMC / MF will endeavour to credit the payout directly to that registered bank account through available electronic mode(s) (i.e., NEFT/RTGS). The AMC / MF shall not be responsible if payout through electronic mode(s) (NEFT/RTGS) does not get affected due to incomplete or incorrect information or any other destination bank technical /operational reasons. The AMC / MF reserve the right to use any other mode of payment as deemed appropriate, however the preferred mode will always be NEFT/RTGS.
- In case of Fixed Withdrawal, if the amount of instalment is more than the amount available in that account for redemption, the entire available amount will be redeemed and the SWP will get terminated automatically. In case of Appreciation Withdrawal, appreciation will be calculated on the units available for redemption at the time of the SWP instalment.

### **Withdrawal Dates:**

Facility	Frequency	Date	Criteria
SWP	Weekly	Any date of every month (between 1st & 28th)	For all schemes except ELSS: i) Rs. 500/- and in multiples of Re. 1/-thereafter for minimum 24 installments ii) Rs. 1000/- and in multiples of Re. 1/-thereafter for minimum 12 installments
	Fortnightly		
	Monthly		For ELSS: i) Rs. 500/- and in multiples of Rs. 500/-thereafter for minimum 24 installments ii) Rs. 1000/- and in multiples of Rs. 500/-thereafter for minimum 12 installments
	Quarterly		

### **Interscheme Switching**

The Transaction Slip can be used by investors to make inter-scheme switches (during the NFO Period and the ongoing offer period) within the Fund. All valid applications for switch-out shall be treated as Redemption and for switch-in as Purchases with the respective Applicable NAVs of the Scheme / option.

### **Intrascheme Switching**

Investors can switch between different options under the same Plan of the Scheme, at the Applicable NAV. All valid applications for switch-out shall be treated as Redemption and for switch-in as Purchases with the respective Applicable NAVs of the option. No Entry or Exit Loads will be charged for intra- scheme switch of investments from Regular Plan to Direct Plan under the same scheme.

### **Switch facility from one scheme to another scheme**

In the interest of investors, it is hereby clarified that where the switch request has been made from one scheme to another specifying the number of Units or Amount (during NFO as well as ongoing), the request will be processed for the corresponding value of such units or amount and that the allotment in the resultant scheme may be done in fractional units, subject to fulfillment of the minimum purchase amount of the scheme where it is being switched.

### **Folio Number**

Unless otherwise requested by the Unit Holder, a single folio number may be assigned if an investor invests in different schemes of the Fund, and a consolidated account statement will then be provided for investments in all the schemes.

### **Fractional Units**

Since a request for Purchase or Redemption is generally made in rupee amounts and not in terms of a fixed number of Units of the Scheme, an investor may be left with fractional Units. Fractional Units will be computed and accounted for up to three decimal places for the Scheme.

### **Consolidation of folios**

In case an investor holds investments in multiple folios under the Fund, the AMC reserves the right to consolidate all the folios belonging to the same investor into one folio.

### **Transaction through electronic mode**

The AMC may from time to time offer various facilities to the unit holders through electronic mode such as internet, mobile phones CAMS etc. to facilitate transactions in units of the scheme. The AMC may enter into such arrangements / agreements as it may deem fit to give effect to the above.

However, investors intending to take benefit of these facilities should note that they should use these services at their own risk. The Fund, the AMC, the Trustee, along with its directors, employees and representatives shall not be liable for any damages or injuries arising out of or in connection with the use of internet, mobile phones, CAMS etc. or its non-use including, without limitation, non-availability or failure of performance, loss or corruption of data, loss of or damage to property (including profit and goodwill), work stoppage, computer failure or malfunctioning, or interruption of business; error, omission, interruption, deletion, defect, delay in operation or transmission, computer virus, communication line failure, unauthorized access or use of information.

### **Is switch-transaction permissible if the units are held in Demat?**

Yes, demat switch transactions are processed in demat holding also through exchange/clearing corporation. The mechanism is same as in case of normal redemption and subscription. Post processing of switch-out redemption, switch-in (subscription) is processed and equivalent units are settled to clearing house for on-ward credit to the investor's DP account.

However, Systematic Transfer Plan & Systematic Withdrawal Plan are not permitted in demat.

### **Procedure for change in investor's profile / bank account details etc. in respect of units held in demat mode**

In case of any modifications of bank account, address, contact details etc in the demat folios, the investor needs to update in his/her Demat account through their respective Depository Participant (DP). DP follows prescribed guidelines for such profile modifications as formulated by respective Depositories (NSDL/CDSL) in their operating manual. There is no need for the investors to submit any Non-Commercial Transaction (NCT) request to RTA as the basic information are shared by both NSDL/CDSL to RTAs on weekly basis.

However, few processes are outlined below based upon the information collated from depositories operating manual. The said process mentioned here is just for information only. Therefore, the investor is advised to approach his DP and provide appropriate documents and information as per depository process.

#### **a. Change in Registered Bank Account**

Investors can change bank account details registered in their demat account any time by submitting a written request (prescribed format) to their DP duly signed by all holders. The investor will also need to provide supporting documents for the new bank account such as copy of passbook or account statement or cancelled cheque leaf with account holder's name printed, bank account number,

bank name, IFSC / MICR. DP follows prescribed guidelines for such profile modifications as formulated by respective Depositories (NSDL/CDSL) in their operating manual.

#### **b. Change of address**

Investors can change their address in the depository system by submitting a written request (prescribed format) to their DP. Such a request should be duly signed by all holders.

Following documents should be submitted along with the request -

- i. Latest Statement of Transaction (SoT) of the Demat account.
- ii. Self-attested copy of any proof of identity document like PAN card, Passport, Voter identity card, Aadhaar card, Driving license, NREGA card.
- iii. Self-attested copy of any document as proof of new address Passport, Voter's identity card, Aadhaar card, Driving license.

The investor would be required to produce original document for the purpose of verification of photocopy by the DP. The investor or their authorized representative should sign the application once again in the presence of the officials of the Participant. Once the request for change in address is processed in the depository system, an email is sent by NSDL to the account holder(s) informing the update, in addition to intimation from the DP. For more details, you may reach out to respective DP for detailed overview.

### **APPOINTMENT OF MF UTILITIES INDIA PRIVATE LIMITED**

#### **Designating MF Central as Official Point (OPA) of Acceptance of Transactions for schemes of Shriram Mutual Fund**

Pursuant to clause 16.6. of SEBI Master Circular for Mutual Funds dated June 27, 2024 'to comply with the requirements of RTA inter-operable Platform for enhancing investors' experience in Mutual Fund transactions / service requests, the Registrar and Transfer Agents viz. KFin Technologies Limited (KFin) and Computer Age Management Services Limited (CAMS) have jointly developed MF Central – A digital platform for Mutual Fund investors.

MF Central is created with intent to be a one stop portal / mobile app for all Mutual fund investments and service-related needs that significantly reduces the need for submission of physical documents by enabling various digital / physical services to Mutual fund investors across fund houses subject to applicable Terms and Conditions of the Platform. MF Central will be enabling various features and services in a phased manner. MF Central may be accessed using <https://mfcentral.com/> and a Mobile App in future.

With a view to comply with all provisions of the aforesaid circular and to increase digital penetration of Mutual funds, Shriram Mutual Fund designates MF Central as its Official point of acceptance.

Any registered user of MF Central, requiring submission of physical document as per the requirements of MF Central, may do so at any of the designated Investor Service centres or collection centres of KFin or CAMS.

#### **B. Default scenarios available to the investors under plans/options of the Schemes.**

The Schemes of Shriram Mutual Fund will have Regular Plan and Direct Plan\*\* with a common portfolio and separate NAVs. Investors should indicate the Plan for which the subscription is made by indicating the choice in the application form.

Each of the above Regular and Direct Plan under the scheme will have the following Options / Sub-options:

- (1) Growth Option and (2) Income Distribution cum Capital Withdrawal (IDCW) Option. The IDCW Option shall have only Reinvestment of IDCW and Payout of IDCW Option.

The default option for the unitholders will be Regular Plan - Growth Option if he is routing his investments through a distributor and Direct Plan – Growth option if he is a direct investor.

If the unit holders selects IDCW option but does not specify the sub-option then the default sub-option shall be Reinvestment of IDCW.

Investors subscribing under Direct Plan of the Scheme will have to indicate "Direct Plan" against the Scheme name in the application form.

#### **Guidelines for Processing of transactions received under Regular Plan with invalid ARN:**

In accordance with AMFI circular no. 135/BP/ 111 /2023-24 dated February 2, 2024, transactions received in Regular Plan with Invalid ARN shall be processed in Direct Plan of the same Scheme (even if reported in Regular Plan), applying the below logic:

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

The AMC reserves the right to introduce a new option / investment Plan at a later date, subject to the SEBI (MF) Regulations. The AMC also reserves the right to discontinue / withdraw any option / investment plan, if deemed fit, after taking approval of the Board of Directors of AMC and Trustee.

**\*\*DIRECT PLAN:** Direct Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Mutual Fund or through the stock exchange and is not available for investors who route their investments through a Distributor.

#### IV. RIGHTS OF UNITHOLDERS OF THE SCHEME

- Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
- When the Mutual Fund declares an Income Distribution cum Capital Withdrawal (IDCW)/dividend under a scheme, IDCW/dividend warrants shall be dispatched to the Unit Holders within 7 working days from the record date of IDCW/dividend. Consolidated Account Statement ('CAS') at mutual fund industry level for each calendar month will be issued on or before 15th day of succeeding month to all unit holders having financial transactions and who have provided valid Permanent Account Number (PAN). For folios not included in the CAS, the AMC shall issue a monthly account statement to the unit holders, pursuant to any financial transaction done in such folios; the monthly statement will be send on or before 15th day of succeeding month. In case of a specific request received from the unit holders, the AMC shall provide the account statement to the unit holder within 5 business days from the receipt of such request. If a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 5 Business Days of the receipt of request for the certificate.
- The Mutual Fund shall dispatch redemption or repurchase proceeds within 3 working days of accepting the valid redemption or repurchase request. For schemes investing at least 80% of total assets in such permissible overseas investments, 5 Working Days of accepting the valid redemption or repurchase request. Further, in case of exceptional scenarios as prescribed by AMFI vide its communication no. AMFI/ 35P/ MEM-COR/ 74 / 2022-23 dated January 16, 2023, read with clause 14.1.3 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 (SEBI Master Circular), the AMC may not be able to adhere with the timelines prescribed above.
- The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.

5. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
6. 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.
7. The Trustee shall obtain the consent of the Unit holders:
  - whenever required to do so by SEBI, in the interest of the Unit holders.
  - whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme.
  - when the majority of the trustees decide to wind up a scheme in terms of clause (a) of sub regulation (2) of regulation 39 of SEBI (Mutual Funds) Regulations, 1996 or prematurely redeem the units of a close ended scheme.
8. The trustees shall ensure that no change in the fundamental attributes of any scheme, the fees and expenses payable or any other change which would modify the scheme and affect the interest of the unit holders is carried out by the asset management company, unless it complies with sub-regulation (26) of regulation 25 of SEBI (Mutual Funds) Regulations, 1996
9. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

#### **A. Policy of computation of NAV**

The computation of NAV, valuation of securities / assets, accounting policies and standards would be in conformity with the SEBI (Mutual Funds) Regulations, 1996 and guidelines issued from time to time. The NAV per unit shall be calculated as follows :

NAV ₹ Per unit = Market or Fair value of Scheme's investments + Current Assets - Current Liabilities and Provisions / No. of units outstanding under the scheme/plan

The NAV of the Scheme(s) will be calculated and disclosed at the close of every Business Day. Separate NAVs will be calculated and announced for each Plans / Options.

The NAV of the Scheme(s) will be calculated up to 4 decimals. Units will be allotted up to 3 decimals.

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

Illustration on Computation of NAV:

If the net assets of the Scheme are Rs.10,65,44,345.34 and units outstanding are 1,00,00,000 then the NAV per unit will be computed as follows:

$10,65,44,345.34 / 1,00,00,000 = \text{Rs. } 10.6544 \text{ p.u. (rounded off to four decimals)}$

The Mutual Fund may charge the load within the stipulated limit of 5% and without any discrimination to any specific group. The Repurchase Price however, will not be lower than 95% of the NAV.

#### **B. Policy for computation of NAV in foreign securities – Not Applicable**

#### **C. Procedure in case of delay in disclosure of NAV**

The AMC will calculate and disclose the first NAV of the respective plans not later than 5 business days from the date of allotment of the respective plans. The Mutual Fund shall prominently disclose the Net asset value of the scheme on every business day under a separate head on the website of the AMC [www.shriramamc.in](http://www.shriramamc.in) as well as on AMFI's website [www.amfiindia.in](http://www.amfiindia.in) (by the time limit for uploading NAV as per applicable guidelines). If the NAVs 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 and explaining when the Fund would be able to publish the NAVs. NAV shall be calculated on all business days.

In addition, the NAV, Sale and Repurchase rates for all business days will be available at our Branch Offices. Further, Mutual Fund/ AMC shall extend facility of sending latest available NAVs to unit holders through SMS, upon receiving a specific request in this regard.

## V. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

### 1) Valuation of Debt & Money Market Instruments

#### a) Traded Instruments

Assets	Methodology
<b>Maturity&gt;365days (except for G-Sec)</b>	<p>Instruments shall be valued at the weighted average price (WAP) at which they are traded/reported on the particular valuation day on available public platforms i.e. FIMMDA/NSE/BSE.</p> <p>An instrument will be considered for valuation as traded security if traded prices are available subject to the fulfilment of the following condition:</p> <p>For instruments maturing above 365 Days, the traded price may be taken if there are at least two trades aggregating to Rs. 25 crores or more.</p> <p>If market trades satisfying the above condition/s are not available then AMC's own trades to be considered as traded price available for valuation provided it conforms with the following criteria:</p> <p>Instruments maturing above 1 year - a single trade of Rs.5.00 crores or more</p> <p>Inter- scheme trades are also considered as AMC's own trades provided it conforms to the above criteria.</p> <p>In case there are both viz. qualifying market trades as well as AMC's own trades, then market trades shall be given a higher priority. In case of multiple platforms reporting trades on the same day, the order of preference would be (i) FIMMDA, (ii) NSE WDM, (iii) BSE and (iv) AMC's own trades</p> <p>Wherever the traded price is 'distorted' in case of forward settlement dates (e.g. across a weekend/holidays), the traded yields may be used to arrive at the traded price for valuation. In case of multiple trades, the weighted average price (WAP) may be used for valuation.</p>
<b>Maturity&gt; 60 days and 365days (except for G- Sec and T-Bills)</b>	<p>Valuation methodology same as that for maturity &gt; 365 days (except for G-Sec) except for the qualification criteria.</p> <p>An instrument will be considered for valuation as traded security if traded prices are available subject to the fulfilment of the following condition:</p> <p>For instruments maturing between 61 days and 365 Days, the traded price may be taken if there are at least three trades aggregating to Rs. 100 crores or more.</p> <p>If market trades satisfying the above condition/s are not available then AMC's own trades to be considered as traded price available for valuation provided it conforms with the following criteria:</p> <p>Instruments maturing between 61 days and 365 Days - a single trade of Rs 25 crores or more. (The amounts refer to face value of the securities.)</p> <p>Inter- scheme trades are also considered as AMC's own trades provided it conforms to the above criteria.</p>
<b>Maturity 60 days (except for G-Sec and T-Bills)</b>	Valuation methodology same as that for maturity 60 days and 365 days (except for G- Sec and T-Bills).
<b>Treasury Bills</b>	<p>The average of the prices provided by CRISIL &amp; ICRA or agencies entrusted for the said purpose by AMFI would be considered, however, the traded prices would be considered in case such trades are reported in NSE (WDM).</p> <p>Where the prices are not available, the security will be valued at weighted average traded price available on The Clearing Corporation of India (CCIL) website.</p> <p>T-Bills purchased before issue date is valued at cost price prior to issue date.</p>
<b>Interest Rate Swaps (IRS)</b>	All IRSs will be valued at net present value after discounting the future cash flows. Future cash flows for IRS contracts will be computed daily based on the terms of the contract and discounted by suitable OIS rates available on Reuters/Bloomberg/any other provider, as approved by Valuation Committee.
<b>Pass Through Certificate</b>	<p>If the residual maturity of the security is more than 60 days, then security is valued through Crisil Bond Valuer and if residual maturity of the security is up to 60 days then it is valued at amortization method.</p> <p>Periodical cash flow is considered for valuation of security.</p>
Assets	Methodology
<b>Bills purchased under rediscounted</b>	Bills purchased under rediscount shall be valued at cost plus accrual method (amortization method).
<b>Reverse Repo</b>	The valuation is done on cost plus repo interest. (Interest per day equals to Second Leg minus First Leg divide by numbers of days).

#### b) Non Traded Instruments

Assets	Methodology
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Maturity > 30 days (except for G-Sec and T-Bills)	<p>Instruments shall be valued through CRISIL Bond Valuer (CBV) or any other method accepted within regulations. CBV uses average yield computed by averaging the matrix provided by CRISIL and ICRA. For averaging of matrix yield CBV aggregator is used.</p> <p>The approach in valuation of non-traded debt securities is based on the concept of using spreads over the benchmark rate to arrive at the yields for pricing the non-traded security.</p> <p>The Yields for pricing the non-traded debt security would be arrived at using the process as defined below :</p> <p>Step 1 : A Risk Free Benchmark Yield is built using the government securities as the base. Government securities are used as the benchmarks as they are traded regularly; free of credit risk; and traded across different maturity spectrums every week.</p> <p>Step 2 : A Matrix of spreads (based on the credit risk) are built for marking up the benchmark yields. The matrix is built based on traded corporate paper on the wholesale debt segment of an appropriate stock exchange and the primary market issuances. The matrix is restricted only to investment grade corporate paper.</p> <p>Step 3 : The Yields as calculated above are Marked-up/Marked down for ill-liquidity risk Step 4 : The Yields so arrived are used to price the portfolio.</p> <p>Mark-up/Mark-down Yield</p> <p>The Yields calculated would be marked-up/marked-down to account for the illiquidity risk, promoter background, finance company risk and the issuer class risk. As the level of illiquidity risk would be higher for non-rated securities the marking process for rated and non-rated securities would be differentiated as follows :</p> <p>Adjustments for Securities rated by external rating agencies</p>	
Category	Discretionary mark-up	Mark down
	+	-
Rated instruments with duration up to 2 years	100 bps	50 bps
Rated instruments with duration over 2 years	75 bps	25 bps
<p>The rationale for the above discount structure is to take cognizance of the differential interest rate risk of the securities. This structure will be reviewed periodically.</p> <p>Adjustments for Internally Rated Securities</p> <p>1. To value an un-rated security, the fund manager shall assign an internal credit rating, which will be used for valuation. Since un-rated instruments tend to be more illiquid than rated securities, the yields would be marked-up by adding discretionary discount as under :</p>		
Category	Discretionary discount	
Unrated instruments with duration up to 2 years	Discretionary discount of up to +50 bps over and above mandatory discount of +50 bps	
Unrated instruments with duration over 2 years	Discretionary discount of up to +50 bps over and above mandatory discount of +25 bps	
<p>2. The benchmark yield/ matrix of spreads over risk free benchmark yield obtained from any agency suggested by AMFI must be applied for valuation of securities on the day of release of such bench mark yield/ matrix of spreads by the aforesaid agency. The Chief Executive Officer (whatever his designation may be) of the AMC shall give prior approval to the use of discretionary mark up or down limit.</p>		
<b>Maturity 30 days (except for G-Sec and T-Bills)</b>	<p>Instruments may be valued by amortization based valuation as referred to in SEBI circular dated February 28, 2012. Further, the amortized price shall be compared with the reference price which shall be the average of the security level price of such security as provided by the agency (ies) appointed by AMFI for said purpose (hereinafter referred to as "valuation agencies"). The amortized price shall be used for valuation only if it is within a threshold of <math>\pm 0.025\%</math> of the reference price. In case of deviation beyond this threshold, the price shall be adjusted to bring it within the threshold of <math>\pm 0.025\%</math> of the reference price.</p>	
<b>T-Bills Maturity 30days</b>	Security will be valued by amortization	
<b>T-Bills Maturity &gt; 30days</b>	Aggregate price by CRISIL and ICRA	

c) Thinly Traded Instruments

Assets	Methodology
<b>Thinly Traded Debt Securities</b>	<p>On a particular valuation day, these securities will be valued at the last quoted closing price on National Stock Exchange of India Limited (NSE). If a security is not traded on NSE, it will be valued at the last quoted closing price on The Bombay Stock Exchange Limited (BSE).</p> <p>If a security is not traded on NSE and BSE, it will be valued at the last quoted closing price on other recognised stock exchange where the security is traded.</p> <p>If the security is traded on more than one recognised stock exchanges (other than NSE and BSE), it will be valued at the last quoted closing price on the stock exchange as may be selected by the Valuation Committee, and the reasons for such selection will be recorded in writing.</p> <p>Once a stock exchange has been selected for valuation of a particular security, reasons for change of the exchange shall be recorded in writing by the asset management company. If a security is not traded on any stock exchange on a particular valuation day, the last quoted closing price on NSE or BSE or other recognised stock exchange (in the order of priority) on the earliest previous day would be used, provided such day is not more than thirty days prior to the valuation day.</p>

d) **Specific Securities**

Assets	Methodology
G-Sec - Any Maturity	Government securities will be valued at prices for government securities provided by CRISIL & ICRA or any other designated agencies suggested by AMFI to ensure uniformity in calculation of NAVs.

e) **Waterfall Mechanism for valuation of money market and debt securities**

SEBI, vide its circular no: SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019, prescribed that for arriving at security level pricing, a waterfall approach shall be followed for the valuation of money market and debt securities. In pursuance of the said circular, AMFI has prescribed the following guidelines vide its AMFI Best Practices Guidelines Circular No. 135/BP/83/2019-20 dated November 18, 2019 on valuation approach for traded & non-traded money market and debt securities:

Valuation of money market and debt securities other than G-Secs:

- i. Volume Weighted Average Yield (VWAY) of primary reissuances of the same ISIN (whether through book building or fixed price) and secondary trades in the same ISIN
- ii. VWAY of primary issuances through book building of same issuer, similar maturity (Refer Note 1 below)
- iii. VWAY of secondary trades of same issuer, similar maturity
- iv. VWAY of primary issuances through fixed price auction of same issuer, similar maturity
- v. VWAY of primary issuances through book building of similar issuer, similar maturity (Refer Note 1 below)
- vi. VWAY of secondary trades of similar issuer, similar maturity.
- vii. VWAY of primary issuance through fixed price auction of similar issuer, similar maturity
- viii. Construction of matrix (polling may also be used for matrix construction)
- ix. In case of exceptional circumstances, polling for security level valuation (Refer Note 2 below)

*Note 1*

Except for primary issuance through book building, polling shall be conducted to identify outlier trades.

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

*Note 2*

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

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

*Note 3*

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

*Note 4*

For the purpose of calculation of VWAY of trades and identification of outliers, on the day of certain exceptional events (occurrence of which during market hours may lead to significant change in the yield of the debt securities), rather than considering whole day trades, only those trades shall be considered which have occurred post the event (on the same day).

The following events would be considered exceptional events:

- i. Monetary / Credit Policy
- ii. Union Budget
- iii. Government Borrowing / Auction Days
- iv. Material Statements on Sovereign Rating
- v. Issuer or Sector Specific events which have a material impact on yields
- vi. Central Government Election Days
- vii. Quarter end days

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

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

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

*Note:*

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

f) **Polling Process for Money Market and Debt Securities:**

Responsibilities of Mutual Funds in the polling process, as part of the waterfall approach for valuation of money market and

debt securities:

- Valuation agencies shall identify the Mutual Funds who shall participate in the polling process on a particular day, taking into account factors such as diversification of poll submitters and portfolio holding of the Mutual Funds. Mutual Funds who are identified by the valuation agencies shall necessarily participate in the polling process. However, in case any Mutual Fund does not participate in the polling process, detailed reason for the same shall be recorded at the time and subsequently made available during SEBI inspections. In this respect, since a Mutual Fund may have investments in similar securities, a security not forming part of investment universe may not be considered as an adequate reason for not participating in the polling process.
- Polling will be carried out by the valuation agencies on a daily basis and in terms of the aforesaid AMFI guidelines on polling process
- Best efforts should be made by poll submitters to provide fair valuation of a security.
- The polling process will be revalidated by external audit of the valuation agencies with at least an annual frequency
- AMC's shall have a written policy, approved by the Board of AMC and Trustees, on governance of the polling process. The aforesaid policy shall include measures for mitigation of potential conflicts of interest in the polling process and shall identify senior officials, with requisite knowledge and expertise, who shall be responsible for polling. Further, the policy should outline the following aspects:
  - a. The process of participating in a polling exercise.
  - b. Identify the roles and responsibilities of persons participating in the polling.
  - c. Include policies and procedures for arriving at the poll submission
  - d. Cover the role of the Board of AMC and Trustees, and the periodic reporting that needs to be submitted to them.
  - e. All polling should be preferably over email. In case for any reason, the polling is done by way of a telephonic call then such a call should be over recorded lines, followed subsequently by an email.
  - f. AMC's should have adequate business continuity arrangements for polling, with the necessary infrastructure / skill to ensure that consistent delivery of poll submissions is made without material interruption due to any failure, human or technical.
- All polling done will have to be documented and preserved in format approved by the Board of AMC, for a period of eight years, along-with details of the basis of polling (such as market transactions, market quotes, expert judgement etc.).
- AMC's shall ensure that participation in the polling process is not mis-used to inappropriately influence the valuation of securities. The officials of the AMC who are responsible for polling shall also be personally liable for any misuse of the polling process.
- AMC's shall maintain an audit trail for all polls submitted to valuation agencies.

**2) Valuation of securities other than debt and money market securities :**

Assets	Methodology
<b>Traded Securities - equity / equity related security (such as convertible debentures, equity warrants, etc.)</b>	<p>On a particular valuation day, these securities will be valued at the last quoted closing price on National Stock Exchange of India Limited (NSE). If a security is not traded on NSE, it will be valued at the last quoted closing price on The Bombay Stock Exchange Limited (BSE).</p> <p>If a security is not traded on NSE and BSE, it will be valued at the last quoted closing price on other recognised stock exchange where the security is traded.</p> <p>If the security is traded on more than one recognised stock exchanges (other than NSE and BSE), it will be valued at the last quoted closing price on the stock exchange as may be selected by the Valuation Committee, and the reasons for such selection will be recorded in writing.</p> <p>Once a stock exchange has been selected for valuation of a particular security, reasons for change of the exchange shall be recorded in writing by the asset management company.</p> <p>If a security is not traded on any stock exchange on a particular valuation day, the last quoted closing price on NSE or BSE or other recognised stock exchange (in the order of priority) on the earliest previous day would be used, provided such day is not more than thirty days prior to the valuation day.</p>
<b>Thinly Traded Securities</b>	<p>When trading in an equity and/or equity related security (such as convertible debentures, equity warrants etc.) in a month is both less than Rupees 5 lacs and the total volume is less than 50,000 shares, the security shall be considered as thinly traded security and valued accordingly.</p> <p>In order to determine whether a security is thinly traded or not, the volumes traded in all recognized Stock Exchanges in India may be taken into account.</p> <p>For example, if the volume of trade is 1,00,000 and value is Rupees 4,00,000, the shares do not qualify as thinly traded. Also if the volume traded is 40,000, but the value of trades is Rupees 6, 00,000, the shares do not qualify as thinly traded.</p> <p>Where a Stock Exchange identifies the thinly traded securities by applying the above parameters for the preceding calendar month and publishes or provides the required information along with the daily quotations, the same can be used by the Mutual Funds.</p> <p>If the shares are not listed on the Stock Exchanges which provide such information, then Mutual Funds shall make their own analysis in line with the above criteria to check whether such securities are thinly traded or not and then value them accordingly.</p>
<b>Suspended securities</b>	<p>In case trading in an equity security is suspended up to thirty days, then the last traded price shall be considered for valuation of that security. If an equity security is suspended for more than thirty days, then the AMC(s) or Trustees shall decide the valuation norms to be followed and such norms shall be documented and recorded.</p>

<b>Non-traded / thinly traded equity securities</b>	<p>Based on the latest available Balance Sheet, Net Worth shall be calculated as follows :</p> <p>Net Worth per share = [Share Capital+ Reserves (excluding Revaluation Reserves) - Miscellaneous expenditure and Debit Balance in Profit and Loss Account] / Number of Paid up Shares.</p> <p>Average Capitalization rate (P/E ratio) for the industry based upon either BSE or NSE data (which shall be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75 per cent i.e. only 25 per cent. Of the industry average P/E shall be taken as Capitalization rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts shall be considered for this purpose.</p> <p>The value as per the Net Worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10 per cent for illiquidity so as to arrive at the fair value per share.</p> <p>In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalized earning.</p> <p>In case where the latest Balance Sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.</p> <p>In case an individual security accounts for more than 5 per cent of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5 per cent of the total assets of the scheme, it shall be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs will be compared on the date of valuation.</p> <p>To determine if a security accounts for more than 5% of the total assets of the scheme, it would be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation.</p>
<b>Assets</b>	<b>Methodology</b>
<b>Unlisted Equity Shares</b>	<p>To ensure uniformity in calculation of NAV the following guidelines are issued :</p> <p>Methodology for Valuation - unlisted equity shares of a company shall be valued "in good faith" as below :</p> <p>(a) Based on the latest available audited balance sheet, Net Worth shall be calculated as the lower of item (1) and (2) below :</p> <ol style="list-style-type: none"> <li>1. Net Worth per share = [Share Capital + Free Reserves (excluding revaluation reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] / Number of Paid up Shares.</li> <li>2. After taking into account the outstanding warrants and options, Net Worth per share shall again be calculated and shall be = [Share Capital + consideration on exercise of Option and/or Warrants received/receivable by the Company + Free Reserves (excluding Revaluation Reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] / Number of Paid up Shares plus Number of Shares that would be obtained on conversion and/or exercise of Outstanding Warrants and Options.</li> <li>3. The lower of (1) and (2) above shall be used for calculation of Net Worth per share and for further calculation in (c) below. <ol style="list-style-type: none"> <li>a. Average capitalization rate (P/E ratio) for the industry based upon either BSE or NSE data (which shall be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75 % i.e. only 25% of the industry average P/E shall be taken as capitalization rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts will be considered for this purpose.</li> <li>c. The value as per the Net Worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15 % for illiquidity so as to arrive at the fair value per share.</li> </ol> </li> </ol> <p>The above valuation methodology shall be subject to the following conditions:</p> <ol style="list-style-type: none"> <li>a. All calculations shall be based on audited accounts. If the latest Balance Sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero. If the Net Worth of the company is negative, the share would be marked down to zero.</li> <li>b. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.</li> <li>c. In case an individual security accounts for more than 5 % of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5 % of the total assets of the scheme, it shall be valued in accordance with the procedure as mentioned above on the date of valuation.</li> </ol> <p>At the discretion of the AMCs and with the approval of the Trustees, unlisted equity shares may be valued at a price lower than the value derived using the aforesaid methodology.</p>
<b>Equity and Equity related securities under lock in period / pending listing</b>	<p>Illiquidity discount will be Nil for securities where the lock-in is less than 3 months. If the lock-in period for these securities is greater than 3 months, then the Valuation Committee will decide on the illiquidity discount to be applied, on a case to case basis.</p>
<b>Stock Split/ Face value change</b>	<p>In case of stock split, the face value of a stock is reduced and proportionately number of shares is increased. The valuation price will be derived on the basis of the last quoted closing price before the ex-date and adjusted in proportion of stock split, till the new stock split shares are listed and traded on a stock exchange. The cost of one share will be proportionately adjusted in line with stock split change, to derive the new cost of share. On stock split/face value change, in case the company specifies any regulations/ method for cost bifurcation or valuation the same will be adopted.</p>
<b>Preference Shares</b>	<p>On a valuation day, traded securities are to be valued at the last quoted closing price on NSE. NSE will be principal stock exchange and BSE will be the secondary stock exchange. Non traded Preference shares will be valued on the basis of norms governing the valuation of Non Convertible Debentures and Bonds under valuation of Debt Security</p>

	category.
<b>Illiquid Securities</b>	Illiquid securities shall be valued in good faith. Aggregate value of "illiquid securities" of scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.
<b>Valuation of Convertible Debentures and Bonds</b>	In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component should be valued on the same basis as would be applicable to a debt instrument. The convertible component should be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari passu with an existing instrument which is traded, the value of the latter instrument can be adopted after an appropriate discount of the non-tradability of the instrument during the period preceding the conversion while valuing such instruments, the fact whether the conversion is optional should also be factored in.
<b>Valuation of Warrants</b>	a) In respect of warrants to subscribe for shares attached to instruments, the warrants would be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. A discount similar to the discount to be determined in respect of convertible debentures shall be deducted to account for the period, which must elapse before the warrant can be exercised. b) In case the warrants are traded separately
<b>Value of "Rights" entitlement</b>	a) Until they are traded, the value of the "rights" entitlement would be calculated as : $Vr = n/m \times (P_{ex} - P_{of})$ where Vr = Value of rights; n = no. of rights Offered; m = no. of original shares held $P_{ex}$ = Ex-Rights price; P of = Rights Offer price b) Where the rights are not traded pari-passu with the existing shares, suitable adjustments would be made to the value of rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights would be valued at the renunciation value. c) In case original shares on which the right entitlement accrues are not traded on the Stock Exchange on an ex-right basis, right entitlement should not be recognised as investments. d) Where right entitlements are not traded and it was decided not to subscribe the rights, the right entitlements have to be valued at zero
<b>Assets</b>	<b>Methodology</b>
<b>Foreign Securities (other than units of overseas mutual funds/ unit trusts which are not listed), IDR:</b>	<b>American Depository Receipt (ADR) / Global Depository Receipt (GDR) and all overseas securities :</b> If the security is listed in a time zone ahead of ours then the same day closing price on the stock exchange at which it is listed would be used for valuation. If the security is listed in a time zone behind ours then the previous day's price would be used for valuation. In case the security is not traded on the above mentioned days, price of previous day should be used provided the price is not more than 30 days old. Since these prices are in foreign currency these are to be converted in Indian Rupees by applying the closing exchange rate on the date of valuation. This closing price in INR should be used for valuation of ADR/GDR. Alternatively closing price of the security should be converted to INR at last day's closing exchange rate of that currency (i.e. the closing rate of the date of which prices are considered). The closing exchange rate from RBI (RBI reference rate) is used for this purpose. <b>Indian Depository Receipt (IDR) :</b> Valuation of IDRs listed in the Indian Stock Exchange would follow the valuation norms adopted for the listed equity shares. IDR is valued at price at which they are traded on BSE/NSE exchanges. In case the IDRs are classified as thinly traded, the criteria, as laid above for listed Indian Equity shares shall be applied taking into consideration the relevant company's balance sheet.
<b>Valuation of Non-Performing Assets</b>	All Non - Performing Assets shall be valued in accordance with the Guidelines for Identification and Provisioning for Non-Performing Assets (Debt Securities) For Mutual Funds issued by SEBI.
<b>Valuation of Derivative Products :</b>	The traded derivative shall be valued at market price in conformity with the stipulations of sub clause (i) to (v) of clause 1 of the Eighth Schedule to the SEBI Regulations. The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the SEBI Regulations as amended from time to time. Valuation of Equity/Index Futures or options shall be determined based on the market values of traded contracts with respect to the exchange on which it was originally contracted upon. For positions which are not traded, the daily settlement prices in the respective exchanges will be considered for valuation.
<b>Valuation of Repo</b>	Where instruments have been bought on 'repo' basis, the instrument would be valued at the resale price after deduction of applicable interest up to date of resale. Where an instrument has been sold on a 'repo' basis, adjustment would be made for the difference between the Redemption price (after deduction of applicable interest up to date of Redemption) and the value of the instrument. If the Redemption price exceeds the value, the depreciation will be provided for and if the Redemption price is lower than the value, credit will be taken for the appreciation.

<b>Equity and Equity related Securities awaiting listing (Merger/ Demerger)</b>	<p><b>Merger :</b> In case of merger, when company "X" is merged with company "Y" and company "Y" continues to be listed, the proportionate shares allotted of "Y" company against company "X" will be valued at the last quoted closing price of company "Y" on the stock exchange. The cost of company "X" shares will be added to the cost of company "Y" shares. In case of merger when company "X" and company "Y" are merged to form company "Z" the value of unlisted company "Z" will be the total valuation price of company "X" and company "Y" before the ex-date till the new entity company "Z" is listed and traded on a stock exchange. The cost of company "X" and company "Y" shares will be added to derive the cost of company "Z" shares.</p> <p><b>Demerger :</b> Where at least one resultant company is not immediately listed, valuation price will be worked out by using cumulative price, before demerger reduced for quoted price of the listed resultant company/ies OR in case of a demerger pending listing, the resultant company/ies shall be valued at the intrinsic value arrived at on the date of corporate action.</p>
<b>Initial Public Offering (IPO) Application (prior to allotment)</b>	IPOs will be valued at the bid price
<b>Qualified Institutional Placement (QIP) / Follow on Public Offer (FPO)</b>	Valued at Bid price or Market price, whichever is lesser

### 3) Inter-scheme transfers (IST):

With respect to Inter-scheme transfers:

AMC shall seek prices for IST of any money market or debt security (irrespective of maturity), from the valuation agencies.

AMFI, in consultation with valuation agencies shall decide a turn-around-time (TAT), within which IST prices shall be provided by the agencies. If prices from the valuation agencies are received within the pre-agreed TAT, an average of the prices so received shall be used for IST pricing. If price from only one valuation agency is received within the agreed TAT, that price may be used for IST pricing.

If prices are not received from any of the valuation agencies within the agreed TAT, AMCs may determine the price for the IST, in accordance with Clause 3 (a) of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996.

Mutual Fund shall not use their own trades for valuation of debt and money market securities and for Inter-scheme transfers.

### 4) Non-Performing Assets:

SEBI, vide its circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019, has modified the regulatory provisions relating to Non-Performing Assets (NPA)

The term "NPA" as per SEBI Circular No. MFD/CIR/6/73/2000 dated July 27, 2000 has been replaced with "securities classified as below investment grade or default". Further, the term "NPA" as per SEBI Circular No. SEBI/MFD/CIR No.05/12031/03 dated June 23, 2003 has been replaced with "exposure to securities classified as below investment grade or default".

Paragraph 2 of SEBI Circular No. MFD/CIR/05/432/2002 dated June 20, 2002 has been modified as follows:

#### **Treatment and disposal of illiquid securities or securities classified as default at the time of maturity / closure of schemes**

In case of close-ended schemes, some of the investments made by Mutual Funds may become default at the time of maturity of schemes. Further, at the time of winding up of a scheme, some of the investments made by Mutual Funds may become default or illiquid. In due course of time i.e. after the maturity or winding up of the schemes, such investments may be realised by the Mutual Funds. It is advised to distribute such amount, if it is substantial, to the concerned investors. In case the amount is not substantial, it may be used for the purpose of investor education. The decision as to the determination of substantial amount shall be taken by the Trustees of Mutual Funds after considering the relevant factors including number of investors, amount recovered, cost of transferring funds to investors; among others. In the format of the abridged scheme-wise annual report format prescribed vide SEBI Circular No. SEBI/IMD/CIR No.8/132968/2008 dated July 24, 2008, under notes to accounts, the term "NPA" shall be replaced with "securities classified as below investment grade or default".

With respect to the notes below the portfolio format prescribed vide SEBI Circular No. MFD/CIR/9/120/2000 dated November 24, 2000, the modifications shall be as under:

- In point 2, the term "NPA" shall be replaced with "below investment grade or default".
- Point 4 (a) shall be replaced as follows:

If a security is in default beyond its maturity date, then disclosure to this effect shall be provided. Such disclosure shall include details of the security including ISIN, name of security, value of the security considered under net receivables (i.e. value recognized in NAV in absolute terms and as % to NAV) and total amount (including principal and interest) that is due to the scheme on that investment. Further, this disclosure shall continue till the value of the security recognized in the NAV is received or for a period of 3 years from the date of maturity of security, whichever is later.

### 5) Others :

<b>Assets</b>	<b>Methodology</b>
<b>Bank Fixed Deposit, CBLO / Reverse Repo</b>	Investments in CBLO, Reverse Repo and Fixed deposits with banks will be valued at cost plus accrual basis less prepayment penalty if any.

<b>Mutual Fund Units(Indian)</b>	<p>a. In case of Mutual Fund schemes traded on stock exchange, the units would be valued at closing price on the stock exchange on which they are traded like equity instruments. In case the units are not traded for more than 7 days, last declared Repurchase Price (the price at which Mutual Fund schemes buy its units back) would be considered for valuation (NAV/Repurchase price is declared by Mutual Fund on weekly basis in case of close-ended schemes).</p> <p>b. If the last available Repurchase price is older than 7 days, the valuation will be done at the last available NAV reduced by illiquidity discount. The illiquidity discount will be 10% of NAV or as decided by the Valuation Committee.</p> <p>c. In case of non-traded Mutual Fund scheme, the last declared Repurchase Price (the price at which Mutual Fund schemes buy its units back) would be considered for valuation.</p>
<b>Securities not covered under the current valuation policy</b>	<p>In case of securities purchased by mutual funds do not fall within the current framework of the valuation of securities then such mutual fund shall report immediately to AMFI regarding the same. Further, at the time of investment AMCs shall ensure that the total exposure in such securities does not exceed 5% of the total AUM of the scheme.</p>
<p><b>Valuation of money market / debt securities, Government Securities, investments in short term deposits (pending deployment) and OTC derivatives (SEBI circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102) dated September 24, 2019</b></p>	<p><u>1. Valuation of money market and debt securities with residual maturity of upto 30 days:</u></p> <p>In partial modification to the SEBI circulars (Paragraph 2 (I) of SEBI Circular No. SEBI/IMD/CIR No.16/193388/2010 dated February 02, 2010 read with Paragraph B (2) of SEBI Circular No. Cir/IMD/DF/6/2012 dated February 28, 2012 and Paragraph 1.0 of SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/41 dated March 22, 2019):</p> <p>Amortization based valuation is permitted for money market and debt securities including floating rate securities, with residual maturity of upto 30 days. Further, the amortized price shall be compared with the reference price which shall be the average of the security level price of such security as provided by the agency(ies) appointed by AMFI for said purpose (hereinafter referred to as “valuation agencies”). The amortized price shall be used for valuation only if it is within a threshold of <math>\pm 0.025\%</math> of the reference price. In case of deviation beyond this threshold, the price shall be adjusted to bring it within the threshold of <math>\pm 0.025\%</math> of the reference price.</p> <p>ii. In case security level prices given by valuation agencies are not available for a new security (which is currently not held by any Mutual Fund), then such security may be valued on amortization basis on the date of allotment / purchase.</p> <p>Further, with effect from April 01, 2020 onwards, amortization based valuation shall be dispensed with and irrespective of residual maturity, all money market and debt securities shall be valued in terms of paragraph given under point (2) below:</p> <p><u>2. Valuation of money market and debt securities with residual maturity of over 30 days:</u></p> <p>Reference: Paragraph 2 (II) of SEBI Circular No. SEBI/IMD/CIR No.16/193388/2010 dated February 02, 2010 read with Paragraph B (2) of SEBI Circular No. Cir/IMD/DF/6/2012 dated February 28, 2012 and Paragraph 1.0 of SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/41 dated March 22, 2019</p> <p>a. In partial modification to the aforesaid circulars, the following has been decided:</p> <p>i. All money market and debt securities including floating rate securities, with residual maturity of over 30 days shall be valued at average of security level prices obtained from valuation agencies.</p> <p>ii. In case security level prices given by valuation agencies are not available for a new security (which is currently not held by any Mutual Fund), then such security may be valued at purchase yield on the date of allotment / purchase.</p> <p><u>3. Valuation of Government Securities:</u> Reference: Paragraph 6 of SEBI Circular No. MFD/CIR No.14/442/2002 dated February 20, 2002, it is clarified that irrespective of the residual maturity, Government Securities (including T- bills) shall be valued on the basis of security level prices obtained from valuation agencies.</p> <p><u>4. Valuation of other money market / debt securities, short-term deposits with banks (pending deployment) and OTC derivatives:</u></p> <p>a. The valuation of bills purchased under rediscounting scheme shall be as per the guidelines mentioned above under paragraph (1) &amp; (2) for valuation of money market instruments, as the case may be.</p> <p>b. Investments in short-term deposits with bank (pending deployment) and repurchase (repo) transactions (including tri-party repo i.e. TREPS) with tenor of upto 30 days, shall be valued on cost plus accrual basis.</p> <p>In order to have uniformity in valuation methodology, prices for all OTC derivatives and market linked debentures shall be obtained from valuation agencies.</p>

<p><b>Money Market &amp; debt securities which are rated below investment grade</b></p>	<p>Pursuant to SEBI circular no: SEBI/HO/IMD/DF4/CIR/P/2019/41 dated March 22, 2019, all money market and debt securities which are rated below investment grade shall be valued at the price provided by valuation agencies.</p> <p>Till such time the valuation agencies compute the valuation of money market and debt securities classified as below investment grade, such securities shall be valued on the basis of indicative haircuts provided by these agencies. These indicative haircuts shall be applied on the date of credit event i.e. migration of the security to sub-investment grade and shall continue till the valuation agencies compute the valuation price of such securities. Further, these haircuts shall be updated and refined, as and when there is availability of material information which impacts the haircuts.</p> <p>AMCs may deviate from the indicative haircuts and/or the valuation price for money market and debt securities rated below investment grade provided by the valuation agencies subject to the following:</p> <p>The detailed rationale for deviation from the price post haircuts or the price provided by the valuation agencies shall be recorded by the AMC.</p> <p>The rationale for deviation along-with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis-a-vis the price post haircuts or the average of the price provided by the valuation agencies (as applicable) and the impact of such deviation on scheme NAV (in amount and percentage terms) shall be reported to the Board of AMC and Trustees</p> <p>The rationale for deviation along-with details as mentioned at para (b) above shall also be disclosed to investors. In this regard, all AMCs shall immediately disclose instances of deviations under a separate head on their website. Further, the total number of such instances shall also be disclosed in the monthly and half-yearly portfolio statements for the relevant period along-with an exact link to the website wherein the details of all such instances of deviation are available.</p> <p>In order to ensure uniformity in classification of securities as below investment grade or default and in the treatment of accrual of interest &amp; future recovery (if any) with respect to such securities, the following has been decided by SEBI vide its circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102) dated September 24, 2019 :</p> <p>Definition of below investment grade and default:</p> <p>A money market or debt security shall be classified as “below investment grade” if the long term rating of the security issued by a SEBI registered Credit Rating Agency (CRA) is below BBB- or if the short term rating of the security is below A3.</p> <p>A money market or debt security shall be classified as “Default” if the interest and / or principal amount has not been received, on the day such amount was due or when such security has been downgraded to “Default” grade by a CRA. In this respect, Mutual Funds shall promptly inform to the valuation agencies and the CRAs, any instance of non-receipt of payment of interest and / or principal amount (part or full) in any security.</p> <p>Treatment of accrued interest, future interest accrual and future recovery:</p> <p>The treatment of accrued interest and future accrual of interest, in case of money market and debt securities classified as below investment grade or default, is detailed below:</p> <p>The indicative haircut that has been applied to the principal should be applied to any accrued interest.</p> <p>In case of securities classified as below investment grade but not default, interest accrual may continue with the same haircut applied to the principal. In case of securities classified as default, no further interest accrual shall be made.</p> <p>The following shall be the treatment of how any future recovery should be accounted for in terms of principal or interest:</p> <p>Any recovery shall first be adjusted against the outstanding interest recognized in the NAV and any balance shall be adjusted against the value of principal recognized in the NAV.</p> <p>Any recovery in excess of the carried value (i.e. the value recognized in NAV) should then be applied first towards amount of interest written off and then towards amount of principal written off.</p>
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<b>Valuation of securities with Put / Call Options</b>	<p>In reference to the provisions for “Valuation of securities with Put / Call options” in SEBI Circular No. MFD/CIR/ 8 / 92 / 2000 dated September 18, 2000.</p> <p>In partial modification to the provision on valuation of securities with both put and call options in the aforementioned circular, SEBI, vide its circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102) dated September 24, 2019, has decided that:</p> <p>Only securities with put / call options on the same day and having the same put and call option price, shall be deemed to mature on such put / call date and shall be valued accordingly. In all other cases, the cash flow of each put / call option shall be evaluated and the security shall be valued on the following basis:</p> <p>Identify a ‘Put Trigger Date’, a date on which ‘price to put option’ is the highest when compared with price to other put options and maturity price.</p> <p>Identify a ‘Call Trigger Date’, a date on which ‘price to call option’ is the lowest when compared with price to other call options and maturity price.</p> <p>In case no Put Trigger Date or Call Trigger Date (‘Trigger Date’) is available, then valuation would be done to maturity price. In case one Trigger Date is available, then valuation would be done as to the said Trigger Date. In case both Trigger Dates are available, then valuation would be done to the earliest date.</p> <p>If a put option is not exercised by a Mutual Fund when exercising such put option would have been in favour of the scheme, in such cases the justification for not exercising the put option shall be provided to the Board of AMC and Trustees.</p>
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#### 6) Valuation and Disclosure of Upfront Fees:

In pursuance of para 10.1 of the SEBI circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019 on Valuation of money market and debt securities, AMFI, vide its AMFI Best Practices Guidelines Circular No. 135/BP/83/2019-20 dated November 18, 2019, has issued the following guidelines for valuation of any upfront fee (or any other consideration, by whatever name called) received in a Mutual Fund scheme:

- Upfront fees on all trades (including primary market trades), by whatever name and manner called, would be considered by the valuation agencies for the purpose of valuation of the security.
- Details of such upfront fees should be shared by the AMCs on the trade date to the valuation agencies as part of the trade reporting to enable them to arrive at the fair valuation for that date.
- For the purpose of accounting, such upfront fees should be reduced from the cost of the investment in the scheme that made the investment. In case upfront fees are received across multiple schemes, then such upfront fees should be shared on a pro-rata basis across such schemes.

## VI. TAX & LEGAL & GENERAL INFORMATION

### A. TAX TREATMENT OF INVESTMENTS IN MUTUAL FUND

The following information is provided only for general information purpose. In view of the individual nature of tax benefits each investor is advised to consult with his or her own tax consultant with respect to the specific tax implications arising out of their participation in the scheme.

Based on the law in force and after considering the amendments made in the Income-tax Act, 1961 (“the Act”), certain tax benefits are available to the investors in mutual funds and mutual fund itself. The same are stated below:

#### A.1 TAX TREATMENT FOR MUTUAL FUNDS

As per the current tax rules, the applicable tax treatment of mutual fund is as mentioned below:

##### a) Income of MF is exempt

Shriram Mutual Fund is registered with Securities and Exchange Board of India (SEBI) as a Mutual Fund as per SEBI (Mutual Funds) Regulations, 1996 and therefore, is eligible for the tax benefits u/s 10(23D) of the Act. Accordingly, all income of the Shriram Mutual Fund is exempt from income tax. There is no TDS on income received by Shriram Mutual Fund as per the provisions of section 196(iv) of the Act.

##### b) Tax on Income Distributed by a Mutual Fund

Finance Act, 2020 had amended the provision of section 115R of the Act (Dividend Distribution Tax) to provide that the income distributed on or before 31st March 2020 shall only be covered under the provision of this section.

With effect from 1st April, 2020, dividend or income distribution by mutual fund on units shall be taxable in the hands of unit holders at the applicable rates.

According to Section 194K of the Act, any person responsible for paying to a resident any income in respect of units of a Mutual Fund specified under clause (23D) of section 10, shall at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax there on at the rate of 10%. Further, as per section 195 of the Act, any person responsible for paying to a non-resident, not being a company, or to a foreign company, any interest or any other sum chargeable under the provisions of this Act shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the “rates in force”.

### c) Securities Transaction Tax

Securities Transaction Tax ('STT') is applicable in respect of sale of units of Equity-oriented funds (EOFs) on a recognized stock exchange and on repurchase (redemption) of units of EOFs by the mutual fund. STT is not applicable in respect of purchase/ sale/ redemption of units of other schemes (other than EOFs).

Securities Transaction Tax (“STT”) is applicable on the taxable value of securities transactions as follows:

Particulars	STT Rate	Payable By
Purchase of units of equity oriented mutual fund (delivery based)	Nil	Purchaser
Sale of unit of an equity oriented mutual fund on recognized stock exchange (delivery based)	0.001%	Seller
Sale of unit of an equity oriented mutual fund (non-delivery based)	0.025%	Seller
Sale of unit of an equity oriented fund to Mutual Fund	0.001%	Seller

### d) Income Received from Mutual Fund

According to section 10(35) of the Act, any income (other than income arising from transfer of units) received in respect of units of Mutual Fund specified under section 10(23D) of the Act is exempt from income tax in the hands of the unit holders.

Finance Act, 2020 had amended the provision of section 10(35) of the Act to provide that this clause shall not apply to any income, in respect of units, received on or after 1st April 2020.

Hence, with effect from 1st April, 2020, dividend or income distribution by a mutual fund on units is taxable in the hands of unit holders at the applicable rates.

### e) Capital Gains

Rates of tax and tax deducted at source (TDS) under the Act for Capital Gains from transfer of units of Equity Oriented Fund:

Type of Capital Gain	Condition		Income Tax Rates		TDS Rates	
			Resident/ PIO/ NRI/ Other non FII nonresidents	FII	Resident	NRI/OCBs/ FII & others
		Sale upto 22nd July, 2024	15%	15%	Nil	15%
	STT has been paid on redemption	Sale on or after 23rd July, 2024	20%	20%	Nil	20%

<b>+ Short Term Capital Gain</b> (redemption before completing one year of holding)	Other cases	Upto 22nd July, 2024	Normal rate of tax applicable to the assessee	30%	Nil	30% for Non resident other Than corporates, 40% (till 31 March 2024)/ 35% (from 1 April 2024) for non-residents corporates
		23rd July, 2024 onwards	Normal rate of tax applicable to the assessee	30%	Nil	30% for Non resident Other than corporates, 35% for nonresidents corporates
<b>++ Long Term Capital Gain</b> (redemption after completing one year of holding)	STT has been paid on redemption	Upto 22nd July, 2024	10%#	10%#	Nil	10%
		23rd July, 2024 onwards	12.5%#	12.5%#	Nil	12.5%
	Other cases	Upto 22nd July, 2024	10%*	10%*	Nil	10%
		23rd July, 2024 onwards	12.5%*	12.5%*	Nil	12.5%

**PIO:** Person of Indian origin

**NRI:** Non-resident Indian

**FII:** Foreign Institutional investor

**OCB:** Overseas Corporate Body

# Under section 112A of the Act, where long term capital gain exceeds Rs. 1,25,000/- tax is payable @ 10% upto 22<sup>nd</sup> July, 2024 and 12.5% from 23<sup>rd</sup> July, 2024 onwards plus applicable surcharge and cess (without indexation benefit).

\*without indexation benefit

+ With respect to an Equity Oriented Fund of Fund, units acquired post 1 April 2023 and sold prior to 31 March 2025 would be considered as units sold of a Specified Mutual Fund (SMF) as mentioned below and hence, any gains arising on transfer of such units would be deemed to be short-term capital gains. However, with respect to units acquired prior to 1 April 2023, gains arising on transfer of such units would not be considered as units sold of a Specified Mutual Fund (SMF) as mentioned below and would continue to be governed by the normal provisions (i.e., long-term or short-term, depending upon period of holding) as mentioned in the table above.

++ As per the amended Finance Bill 2023, a Specified Mutual Fund (SMF) acquired on or after April 1, 2023, shall be deemed to be short-term capital asset and hence, the gains arising on such transfer will be regarded as short-term capital gains (STCG) irrespective of period of holding. SMF is a Mutual Fund holding less than 35% of its total investment in equity shares of domestic companies. Accordingly, Equity Fund of Fund investing in Equity ETF shall fall within the ambit of SMF and the gains arising on its transfer will be regarded as STCG and would be taxable at the rate of 15% (where transfer takes place before 23 July 2024) or 20% (where transfer takes place on or after 23 July 2024) (plus applicable surcharge and cess) and no indexation benefit will be available on transfer of such investments. However, effective 01 April 2025, the definition of 'Specified Mutual Fund' has been proposed to be amended as under:

- A mutual fund wherein more than 65% of total proceeds are invested in the debt and money market instruments; or
- Fund which invests 65% or more of its total proceeds in units of a fund referred in clause (a) above, calculated basis the annual average

of the daily closing figures

As a result of the proposed amendment, Equity Fund of Fund investing in Equity ETF which were earlier covered under the definition of Special Mutual Fund will now get excluded from the definition. Thus, for Equity Fund of Fund investing in Equity ETF sold on or after 1 April 2025, the above provisions of specified mutual funds would not apply. However, capital gains on sale of mutual Funds investing more than 65% in debt and money market instruments or Fund which invests 65% or more of its total proceeds in units of such fund (hereinafter referred to as “Debt and Money Market Mutual Funds”) would continue to be deemed to be short-term capital gains.

**Rates of tax and tax deducted at source (TDS) under the Act for Capital Gains from transfer of units of non-Equity Oriented Fund (other than Debt and Money Market Mutual Funds):**

Type of Capital Gain	Income Tax Rates		TDS Rates		
	Resident/ PIO/ NRI/ Other non FII non- residents	FII	Resident	NRI/OCBs/ others	FII &
+ Short Term Capital Gain (redemption before completing three years of holding for sale prior to 23 July 2024 and one/ two years of holding for sale on or after 23 July 2024)	Normal rates of tax applicable to the assessee	30%	Nil	30% for Non-resident other than corporates 40% (till 31 March 2024)/ 35% (from 1 April 2024) for non- residents corporates	
++ Long Term Capital Gain (redemption after completing three years of holding for sale prior to 23 July 2024 and one/ two years of holding for sale on or after 23 July 2024)	For sale made prior to 23 July 2024 - 20%# For sale made on or after 23 July 2024 – 12.5%*	For sale made prior to 23 July 2024 – 10%* For sale made on or after 23 July 2024 – 10%*	Nil	10%/ 12.5%	

#with indexation benefit (only where the Investments were made on or before 1<sup>st</sup> April, 2023 and sale prior to 23 July 2024)

\*without indexation benefit

+ Units acquired post 1 April 2023 and sold prior to 31 March 2025 would be considered as units sold of a Specified Mutual Fund (SMF) as mentioned below and hence, any gains arising on transfer of such units would be deemed to be short-term capital gains. However, with respect to units acquired prior to 1 April 2023, gains arising on transfer of such units would not be considered as units sold of a Specified Mutual Fund (SMF) as mentioned below and would continue to be governed by the normal provisions (i.e., long-term or short-term, depending upon period of holding) as mentioned in the table above.

++ As per the amended Finance Bill 2023, a Specified Mutual Fund (SMF) acquired on or after April 1, 2023, shall be deemed to be short-term capital asset and hence, the gains arising on such transfer will be regarded as short-term capital gains (STCG) irrespective of period of holding. SMF is a Mutual Fund holding less than 35% of its total investment in equity shares of domestic companies. Accordingly, such Mutual Funds holding less than 35% of its total investment in equity shares as well as Fund of Funds shall fall within the ambit of SMF and the gains arising on its transfer will be regarded as STCG and would be taxable at the rate of 15% (where transfer takes place before 23 July 2024) or 20% (where transfer takes place on or after 23 July 2024) (plus applicable surcharge and cess) and no indexation benefit will be available on transfer of such investments. However, effective 01 April 2025, the definition of ‘Specified Mutual Fund’ has been proposed to be amended as under:

- A mutual fund wherein more than 65% of total proceeds are invested in the debt and money market instruments; or
- Fund which invests 65% or more of its total proceeds in units of a fund referred in clause (a) above, calculated basis the annual average of the daily closing figures

As a result of the proposed amendment, mutual Funds investing in gold/ commodities, Equity Oriented Fund of Funds, Offshore Mutual Funds and certain other Mutual Funds (except Debt and Money Market Mutual Funds as mentioned above) which were earlier covered

under the definition of Special Mutual Fund will now get excluded from the definition. Thus, for such mutual funds units sold on or after 1 April 2025, the provisions of specified mutual funds would not apply. However, capital gains on sale of Debt and Money Market Mutual Funds would continue to be deemed to be short-term capital gains.

**Rates of tax and tax deducted at source (TDS) under the Act for Capital Gains from transfer of units of Debt and Money Market Mutual Funds:**

Type of Capital Gain	Income Tax Rates		TDS Rates		
	Resident/ non FII non-residents	PIO/ NRI/ Other FII	Resident	NRI/OCBs/ others	FII & others
<b>+ Short Term Capital Gain</b> (redemption before completing three years of holding for sale prior to 23 July 2024 and two years of holding for sale on or after 23 July 2024)	Normal rates of tax applicable to the assessee	30%	Nil	30% for Non-resident other than corporates 40% (till 31 March 2024)/ 35% (from 1 April 2024) for non-residents corporates	
<b>++ Long Term Capital Gain</b> (applicable only if units are acquired prior to 1 April 2023, irrespective of the date of sale)	For sale made prior to 23 July 2024 - 20%# For sale made on or after 23 July 2024 – 12.5%*	10%*	Nil	10%/ 12.5%	

\*without indexation benefit

+ Units acquired post 1 April 2023 would be considered as units sold of a Specified Mutual Fund (SMF) as mentioned below and hence, any gains arising on transfer of such units would be deemed to be short-term capital gains. However, with respect to units acquired prior to 1 April 2023, gains arising on transfer of such units would not be considered as units sold of a Specified Mutual Fund (SMF) as mentioned below and would continue to be governed by the normal provisions (i.e., long-term or short-term, depending upon period of holding) as mentioned in the table above.

++ As per the amended Finance Bill 2023, a Specified Mutual Fund (SMF) acquired on or after April 1, 2023, shall be deemed to be short-term capital asset and hence, the gains arising on such transfer will be regarded as short-term capital gains (STCG) irrespective of period of holding. SMF is a Mutual Fund holding less than 35% of its total investment in equity shares of domestic companies. Accordingly, such Mutual Funds holding less than 35% of its total investment in equity shares as well as Fund of Funds shall fall within the ambit of SMF and the gains arising on its transfer will be regarded as STCG and would be taxable at the rate of 15% (where transfer takes place before 23 July 2024) or 20% (where transfer takes place on or after 23 July 2024) (plus applicable surcharge and cess) and no indexation benefit will be available on transfer of such investments. However, effective 01 April 2025, the definition of ‘Specified Mutual Fund’ has been proposed to be amended as under:

- A mutual fund wherein more than 65% of total proceeds are invested in the debt and money market instruments; or
- Fund which invests 65% or more of its total proceeds in units of a fund referred in clause (a) above, calculated basis the annual average of the daily closing figures

As a result of the proposed amendment, capital gains on sale of mutual Funds investing more than 65% in debt and money market instruments or Fund which invests 65% or more of its total proceeds in units of such fund (i.e., Debt and Money Market Mutual Funds) would continue to be deemed to be short-term capital gains.

**Rates of tax and tax deducted at source (TDS) under the Act for Capital Gains from transfer of units of Mutual Fund specified under section 10(23D) with respect to units purchased in foreign currency (other than Debt and Money Market Mutual Funds):**

		Overseas Financial Organisation – Offshore Fund	
		Income Tax Rate	TDS Rate
	Upto 22nd July, 2024	10% (u/s 115AB)	20%

Long Term Capital Gain	23rd July, 2024 onwards	12.5% (u/s 115AB)	20%
Short Term Capital Gain	Upto 22nd July, 2024	Non-corporate - Normal rates of tax applicable to the assessee Corporate - 40% (till 31 March 2024)/ 35% (from 1 April 2024)	30% 40%/ 35%
	23rd July, 2024 onwards	Non-corporate - Normal rates of tax applicable to the assessee Corporate - 40% (till 31 March 2024)/ 35% (from 1 April 2024)	30% 35%

**Note 1:** Applicable surcharge and cess will be added to all the tax rates mentioned above.

**Note 2:** As per circular no. 728 dated October 1995 by CBDT, in the case of a remittance to a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in DTAA whichever is more beneficial to the assessee.

## f) Capital Losses

Long-term capital loss can be set off only against income from long-term capital gains. However, short-term capital loss can be set-off against long-term or short-term capital gain. Loss under the head 'Capital gains,' cannot be set off against income under other heads of income.

The capital losses resulting from the sale of units of mutual funds would be available for carry forward and setting off against capital gains in future years. Unabsorbed long term capital losses shall be carried forward for a period of eight assessment years to be set off against long term capital gains only.

Unabsorbed short term capital losses shall be carried forward for a period of eight assessment years to be set off against the income under the head 'Capital Gain' (whether short term or long term).

## g) Dividend Stripping

Under Section 94(7) of the Act, in computing the income of an assessee, loss arising on sale of units, which have been bought within 3 months prior to the record date and sold within 9 months of the record date, shall be ignored to the extent of income on such units. Record date for this purpose shall be the date fixed by the Mutual Fund for the purposes of entitlement of the unit holders to receive the Dividend income.

## h) Bonus Stripping

Under Section 94(8) of the Act, the loss arising on sale of original units (wholly or partly), which were bought within a period of 3 months prior to the record date and sold within 9 months of the record date, shall be ignored for the purpose of computation of income chargeable to tax. Record date for this purpose shall be the date fixed by the Mutual Fund for the purposes of entitlement of the unit holders to receive the Dividend income. However, such loss shall be considered as the cost of acquisition of the 'bonus shares' of the unit holders.

## i) Period of Holding

### For units sold prior to 23 July 2024

Any gains arising on transfer of an Equity Oriented Mutual Fund would be considered as long-term capital gains, if the period of holding of such unit is more than 12 months, while if the period of holding is less than 12 months, gains arising on transfer of such units would be considered as a short-term capital gains.

With respect to Mutual Funds other than Equity Oriented Mutual Funds, any gains arising on transfer of such Mutual Funds would be considered as long-term capital gains, if the period of holding of such unit is more than 36 months, while if the period of holding is less than 36 months, gains arising on transfer of such units would be considered as a short-term capital gains.

### For units sold on or after to 23 July 2024

Any gains arising on transfer of an Equity Oriented Mutual Fund or unit of any Mutual Fund which is listed in a recognized stock exchange in India would be considered as long-term capital gains, if the period of holding of such unit is more than 12 months, while if the period of holding is less than 12 months, gains arising on transfer of such units would be considered as a short-term capital gains.

With respect to Mutual Funds other than those mentioned above, any gains arising on transfer of such Mutual Funds would be considered as long-term capital gains, if the period of holding of such unit is more than 24 months, while if the period of holding is less than 24 months, gains arising on transfer of such units would be considered as a short-term capital gains.

#### **j) Investments by charitable and religious trusts**

Units of a Mutual Fund Scheme referred to in section 10(23D) of the Act constitutes an eligible avenue for investment by charitable or religious trusts as per rule 17C of the Income Tax Rules, 1962, read with section 11(5)(xii) of the Act.

#### **k) Wealth Tax**

Wealth tax abolished with effect from April 1, 2015.

#### **l) Gift Tax**

The Gift Tax Act, 1958 has ceased to apply to gifts made on or after October 1, 1998. Gifts of Units purchased under a plan, would therefore, be exempt from gift tax. However, a gift of units in a mutual fund scheme is made and the value of such units exceeds Rs. 50,000/-, then as provided under section 2(24) such value is to be included as income in the hands of recipient of the gift and chargeable to tax under section 56(2)(vii) subject to exceptions.

#### **Applicability of Stamp Duty**

Pursuant to Notification No. S. O. 1226 (E) and G.S.R 226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, a stamp duty@0.005% of the transaction value would be levied on applicable mutual fund transactions with effect from July 1, 2020.

Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including reinvestment of IDCW) to the unitholders would be reduced to that extent.

**EACH INVESTOR IS ADVISED TO CONSULT HIS OR HER OWN TAX CONSULTANT WITH RESPECT TO THE SPECIFIC TAX IMPLICATIONS ARISING OUT OF HIS OR HER PARTICIPATION IN THE SCHEME.**

### **B. Legal Information**

#### **Nomination Facility:**

As per the recent AMFI Circulars, a Unit Holder in the scheme may be allowed to nominate upto a maximum of three nominees. The nomination will be on a proportionate basis and investor may specify the percentage for each nominee in the event of his / her demise. If the percentage is not specified, it will be equal percentage for the nominees by default. Provision for mentioning the details of the nominees are made in the KIM/ application form and or separate nomination request forms is made available to the investors. The details of the nominee(s) will be captured by the Registrar and will be available in the data base maintained. Upon receipt of intimation from the nominee(s) regarding demise of the investor duly accompanied with necessary documents e.g. providing proof of the death of the Unit Holder, signature of the nominee, furnishing proof of guardianship if the nominee is a minor, and the execution of an indemnity bond or such other documents as may be required from the nominee in favor of and to the satisfaction of the AMC / Registrar, the units will be transmitted to the nominee(s) as per the percentage advised by the investor and a confirmation/fresh Statement of account will be sent to the new holder(s).

Only the following categories of Indian residents can be nominated: (a) individuals; (b) minors through parent / legal guardian (whose name and address must be provided); (c) religious or charitable trusts; and (d) Central Government, State Government, a local authority or any person designated by virtue of his office. A nomination in respect of Units will be treated as rescinded upon the Redemption of all Units. Cancellation of a nomination can be made only by the Unit Holders who made the original nomination and must be notified in writing. On receipt of a valid cancellation, the nomination shall be treated as rescinded and the AMC / Fund shall not be under any obligation to transfer the Units in favor of the nominee.

The transfer of Units / payment to the nominee of the Redemption proceeds shall be valid and effectual against any demand made upon the Fund / AMC / Trustee and shall discharge the Fund /AMC / Trustee of all liability towards the estate of the deceased Unit Holder and his / her legal personal representative or other successors.

The Fund, the AMC and the Trustee are entitled to be indemnified from the deceased Unit Holder's estate against any liabilities whatsoever that any of them may suffer or incur in connection with a nomination.

AMFI had wide its best practice Circular dated January 28, 2011 recommended Mutual Funds to implement certain standardised procedures with regard to Nomination facility as follows:-

- Nomination shall be applicable for investments in all the Schemes in the folio or account.
- Nomination should be maintained at the folio or account level and should be applicable for investments in all schemes in the folio or account.
- All joint holders shall sign nomination/ cancellation of nomination form, irrespective of the mode of holding.
- Nomination form cannot be signed by Power of attorney (POA) holders and every new nomination shall overwrite the existing nomination in the folio/ account.
- Nomination shall not be allowed in a folio/ account held on behalf of a minor.
- Nomination will be mandatory for folios opened with sole/ single holding.
- All joint holders in the folio will be required to sign the nomination request/ cancellation of nomination request, irrespective of the mode of holding. The new nomination will supersede the existing nomination.
- The facility to nominate will not be available in a folio held on behalf of a minor.
- Investors who do not wish to nominate any person as a nominee in their folio, must separately on the application form confirming their non-intention to nominate.

Pursuant to Clause 17.16 of SEBI Master Circular for Mutual Funds dated June 27, 2024, SEBI has mandated submission of nomination details/declaration for opting out of nomination for investors subscribing to mutual fund units on or after October 1, 2022.

Accordingly, Investors subscribing to units of Shriram Mutual Fund's Schemes on or after October 1, 2022 are compulsorily required to provide a) Nomination; or b) A declaration for opting out of nomination in physical or online as per the choice of the unit holder(s). In case of physical option, the forms shall carry the wet signature of all the unit holder(s). In case of online option, instead of wet signature(s) of all the unit holder(s), AMC shall validate the forms: i. using e-Sign facility recognized under Information Technology Act, 2000; or ii through two factor authentication (2FA) in which one of the factor shall be a One-Time Password sent to the unit holder at his/her email/ phone number registered with the AMC.

Consequently, with effect from October 1, 2022, the applications where neither nomination is provided nor declaration for opting out of nomination is provided, are liable to be rejected.

"On Behalf of Minor" Accounts :

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

#### **Minor Attaining Majority :**

- a) The AMC/Registrar will send an advance notice advising the guardian and the minor to submit an application form along with prescribed documents, in order to effect change the status from 'minor' to 'major'.
- b) The guardian cannot undertake any financial and non-financial transactions including fresh registration of Systematic Transfer Plan

(STP), Systematic Investment Plan (SIP) and Systematic Withdrawal Plan (SWP) after the date of the minor attaining majority till the time the above application form along with the prescribed documents are received by the AMC/RTA. The AMC/RTA shall freeze the folio for operation by the guardian on the day the minor attains majority and no transactions shall be permitted till documents for status change are received.

In case of existing standing instructions for STP, SIP and SWP have already been registered for a period beyond the minor's date of attaining majority, the AMC/RTA shall send an advance notice advising the guardian and the minor that the existing standing instructions will continue to be processed beyond the date of the minor attaining majority, until an instruction to terminate the existing instructions is received by the AMC/RTA from the minor. However, for fresh SIP, STP or SWP registered post April 01, 2011, the AMC shall register standing instructions only till the date of minor attaining majority.

### **Change in Guardian :**

In the event of change in guardian of a minor, the new guardian must be a natural guardian (Father or Mother) or court appointed guardian and such guardian will be required to submit various documents including KYC, Bank attestation of his signature from a bank account of the minor where he is the registered guardian etc.

Further process to be complied for investments made in the name of a Minor through a Guardian (SEBI Circular No: SEBI/HO/IMD/DF3/CIR/P/2019/166 dated December 24, 2019 read with SEBI Circular no. SEBI/HO/IMD/POD-II/CIR/P/2023/0069 dated May 12, 2023)

a. Payment for investment by any mode shall be accepted from the bank account of the minor, parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian. For existing folios, the AMC shall insist upon a Change of Pay-out Bank mandate before redemption is processed.

Irrespective of the source of payment for subscription, all redemption proceeds shall be credited only in the verified bank account of the minor

i.e. the account the minor may hold with the parent/ legal guardian after completing all KYC formalities.

b. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC details, updated bank account details including cancelled original cheque leaf of the new account. No further transactions shall be allowed till the status of the minor is changed to major.

Application Forms without these information and documents will be considered incomplete and are liable to be rejected without any reference to the investors. The procedure implemented by the AMC and the decision taken by the AMC in this regard shall be deemed final.

In addition, guidelines/formats prescribed by AMFI vide its Best Practice Circular no. 135/BP/ 86 /2020-21 dated July 16, 2020 need to be complied/followed w.r.t. Minors' Accounts & Change in status from Minor to Major.

### **For Units held in Electronic (Demat) Mode :**

For units of the Scheme(s) held in electronic (demat) form with the Depository, the nomination details provided by the Unit holder to the depository will be applicable to the Units of the Scheme. Such nomination including any variation, cancellation or substitution of Nominee(s) shall be governed by the rules and bye-laws of the Depository. Payment to the nominee of the sums shall discharge the Mutual Fund of all liability towards the estate of the deceased Unit holder and his/her legal successors/legal heirs. In case nomination has been made for DP account with joint holders, in case of death of any of the joint holder(s), the securities will be transmitted to the surviving holder(s). Only in the event of death of all the joint holders, the securities will be transmitted to the nominee. In case nomination is not made by the sole holder of DP account, the securities would be transmitted to the account of legal heir(s), as may be determined by an order of the competent court.

### **Unclaimed redemption and dividend amounts :**

SEBI vide its clause 14.3 of Master Circular for Mutual Funds dated June 27, 2024, asked Mutual Funds to follow the following guidelines, the unclaimed Redemption and IDCW amounts shall be deployed by the Fund in call money market or money market instruments or in a separate plan of only overnight scheme / Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts. Provided that such schemes where the unclaimed redemption and IDCW amounts are deployed shall be only those Overnight Scheme/ Liquid Scheme / Money Market Mutual Fund Schemes which are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix as per clause 17.5 of SEBI Master Circular for Mutual Funds dated June 27, 2024. The AMCs shall not be permitted to charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped as per the TER of direct plan or at 50 bps whichever is lower. The investment management and advisory fee charged by the AMC for managing such unclaimed amounts deployed by Mutual Funds in Call Money Market or Money Market instruments, shall not exceed 50 basis points. Investors who claim the unclaimed amounts during a period of three years from the due date shall be paid initial unclaimed amount along-with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education. In terms of the circular, the onus is on the AMC

to make a continuous effort to remind investors through letters to take their unclaimed amounts. Further, to ensure Mutual Funds play a pro-active role in tracing the rightful owner of the unclaimed amounts:

- a. Mutual Funds shall be required to provide on their website, the list of names and addresses of investors in whose folios there are unclaimed amounts.
  - b. AMFI shall also provide on its website, the consolidated list of investors across Mutual Fund industry, in whose folios there are unclaimed amounts. The information provided herein shall contain name of investor, address of investor and name of Mutual Fund/s with whom unclaimed amount lies.
  - c. Information at point (a) & (b) above may be obtained by investor only upon providing his proper credentials (like PAN, date of birth, etc.) along-with adequate security control measures being put in place by Mutual Fund / AMFI.
  - d. The website of Mutual Funds and AMFI shall also provide information on the process of claiming the unclaimed amount and the necessary forms / documents required for the same.
  - e. Further, the information on unclaimed amount alongwith its prevailing value (based on income earned on deployment of such unclaimed amount), shall be separately disclosed to investors through the periodic statement of accounts / Consolidated Account Statement sent to the investors.
- The details of such unclaimed amounts and the number of such investors for each scheme shall be disclosed in the annual report sent to the Unit Holders.

### **Prevention of Money Laundering :**

In terms of the Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti-Money Laundering (AML Laws), all intermediaries, including Mutual Funds, have to formulate and implement a client identification programme, verify and maintain the record of identity and address(es) of investors. Pursuant to the provisions of Prevention of Money Laundering Act, 2002, if after due diligence the AMC believe that any transaction is suspicious in nature as regards money laundering, on failure to required documentation, information etc. by the unit holder, the AMC shall have absolute discretion to report such suspicious transactions to Financial Intelligence Unit-India/ or to freeze the folios of the investor(s), reject any application(s)/allotment of units.

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

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

- a. Fill up and sign the KYC application form (for individual investors or non-individual investors as appropriate) available on the Funds web site i.e. [www.shriramamc.in](http://www.shriramamc.in)
- b. At the time of transacting with the Fund, submit, in person, the completed KYC application form along with all the necessary documents as mentioned in the KYC application form with any of the offices of the distributors (qualified as per the following note), Registrar and Transfer Agent of the Fund and the Fund; and
- c. Obtain a temporary acknowledgement for submission of all the documents and completion of IPV;

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

For investments in a mutual fund, the Asset Management Companies, Registrar and Transfer Agents of mutual funds and distributors which comply with the certification process of National Institute of Securities Market or Association of Mutual Funds in India and have undergone the process of "Know Your Distributors" are authorised to carry out the IPV. Unless the IPV process is completed, the investor will not be considered as KYC compliant under the new KYC compliance procedure and hence will not be permitted to make any investment in the Fund.

For investors proposing to invest with the Fund directly (i.e. without being routed through any distributor), IPV done by a scheduled commercial bank may also be relied upon by the Fund. Once all the documents are verified by a KRA, they will send the investor a letter within 10 working days from the date of receipt of necessary documents by them from the Fund or its Registrar and Transfer Agent informing the investor either about compliance by the investor of the new KYC compliance procedure ("final acknowledgement") or any deficiency in submission of details or documents.

On the basis of the temporary acknowledgement or the final acknowledgement the investor would be eligible to deal with any of the SEBI registered intermediaries as mentioned in the above mentioned SEBI circulars. In line SEBI circular No. MIRSD/Cir-5/2012 dated April 13, 2012 and various other guidelines issued by SEBI on the procedural matters for KYC Compliances, the Investors are requested to note the following additional provisions shall be applicable for "KYC Compliances" with effect from December 1, 2012 :

- 1) In case of an existing investor of Shriram Mutual Fund and who is already KYC Compliant under the erstwhile centralized KYC with CVL (CVLMF)/CAMSKRA then there will be no effect on subsequent Purchase/Additional Purchase (or on-going SIPs/STPs, etc.) in the existing folios/accounts which are KYC compliant. Existing Folio holder cannot open a new folio with Shriram Mutual Fund with the erstwhile centralized KYC.
- 2) In case of an existing investor of Shriram Mutual Fund and who is not KYC Compliant as per our records, the investor will have to

submit the standard KYC Application forms available in the website [www.cvlkra.com/](http://www.cvlkra.com/) [www.kra.ndml.in](http://www.kra.ndml.in/) / [www.camskra.com/www.nsekra.com](http://www.camskra.com/www.nsekra.com) along with supporting documents at any of the SEBI registered intermediaries at the time of purchase / additional purchase/ new registration of SIP/STPet. In Person Verification (IPV) will be mandatory at the time of KYC Submission. This uniform KYC submission would be a one-time submission of documentation.

3) Investors who have complied with KYC process before December 31, 2011 (KYC status with CVL-KRA as "MF - VERIFIED BY CVLMF") and not invested in the schemes of Shriram Mutual Fund i.e. not opened a folio earlier, and wishes to invest on or after December 01, 2012, such investors will be required to submit missing/not available KYC information and complete the IPV requirements.

Updating of missing / not available KYC information along with IPV is currently a one-time requirement and needs to be completed with any one of the mutual funds i.e. need not be done with all the mutual funds where investors have existing investments. Once the same is done then the KYC status at CVL-KRA will change to Verified by CVL KRA after due verification. In such a scenario, where the KYC status changes to "Verified by CVL KRA, investors need not submit the missing/not available KYC information to mutual funds again.

a) In case of Individual investors, following details need to be submitted:

- i. Father's/Spouse's Name,
- ii. Marital Status,
- iii. Nationality,
- iv. Gross Annual Income or Net worth as on recent date
- v. In-Person Verification (IPV)

Individual Investors are required to submit "KYC Details Change Form issued by NSDL (www.kra.ndml.in) / CVL- KRA ([www.cvlkra.com](http://www.cvlkra.com)) / CAMS ([www.camskra.com](http://www.camskra.com)).

b) In case of Non Individual investors, complied with KYC process before December 31, 2011, KYC needs to be done afresh due to significant and major changes in KYC requirements.

Further, investors investing under a SIP up to Rs. 50,000 per year i.e. the aggregate of instalments in a rolling 12 month period ("Micro SIP"), are also required to comply with the above mentioned KYC procedure. However, they are exempt from the requirement of providing PAN as proof of identification.

Those investors (including joint holders) subscribing to a micro SIP will be required to submit a photocopy of any one of the following documents along with their micro SIP applications. It may be noted that the Supporting document must be current and valid and shall be self-attested by the investor / attested by the ARN holder mentioning the ARN number :

- Voter Identity Card
- Driving License
- Government / Defence identification card
- Passport
- Photo Ration Card
- Assembly / Parliament
- Senior Citizen / Freedom Fighter ID card issued by Government.
- Any other photo ID card issued by Central Government / State Governments / Municipal authorities / Government organizations.

In case a Micro SIP investor has a Pan card then he will have to complete the KYC formality with CDSL and attach a copy of the KYC acknowledgement along with the application.

In addition to the above, pursuant to the AMFI Best Practices Guidelines Circular No. 62/2015-16 dated September 18, 2015, effective from November 01, 2015:

- It is mandatory for all new Mutual Fund investors to provide additional KYC details as prescribed in Part II of the Account Opening Form (such as Gross Annual Income Details, Net Worth, Occupation, PEP) as part of account opening; and
- No purchase transactions (whether fresh or additional subscriptions) and switches pertaining to 'KYC-On Hold' cases shall be accepted, unless and until the customer also submits missing information or updated information, for updating the same in KRA-KYC system promptly.

(1) A ready-reckoner of action to be taken by AMC/RTA in respect of new customers/folios/accounts is given in the table

KYC Status	Action till October 31, 2015	Action from November 01, 2015
KYC- Registered	Accept	Accept
KYC-On Hold	Communicate for remediation	Reject ALL Purchase & Switch transactions if the missing information is not provided
KYC-Under Process	Accept	Accept
KYC Rejected	Reject	Reject
KYC-Not Available	Reject	Reject
KYC-Deactivated	Reject	Reject

*Note: SIP and STP mandates already registered till October 31, 2015 may be exempted from the above stipulations*

As regards the cases involving 'Missing/Not Available' KYC information, effective from January 01, 2016 it is mandatory for the existing MF customersto:

- provide/update additional KYC details as prescribed in Part II of the Account Opening Form (such as Gross Annual Income Details, Net Worth, Occupation, PEP) where such information was not provided to KRAs earlier, to be able to continue to make additional subscription (including switches) in their existing folios

- provide the missing information, and complete In-Person Verification (IPV) in order to continue to make additional subscription, including switches, in their existing folios to make this process consistent across the Industry.

A ready-reckoner of action to be taken by AMC/RTA in respect of existing folios with KYC status as 'MF-KYC Registered' is given in the table below

KYC Status	Action till December 31, 2015	Action from January 01, 2016
MF-KYC Registered	Make sustained efforts to obtain the requisite Missing/Not Available KYC information and/or complete the IPV requirement, as the case may be and update in KRA records.	Reject ALL Purchase and switch transactions, if the missing KYC information is NOT provided and/or IPV is not completed

Note: SIP and STP mandates already registered till December 31, 2015 maybe exempted from the above stipulations

### Aadhaar based e-KYC process

SEBI vide circular no: CIR/MIRSD/09/2013 dated October 8, 2013, enabled Aadhaar based e-KYC service offered by UIDAI for KYC verification.

Also vide circular No. CIR/MIRSD/29/2016 dated January 22, 2016, SEBI clarified that the usage of Aadhaar card as issued by the UIDAI is voluntary.

Moreover, pursuant to SEBI Circular No: SEBI/HO/MIRSD/DOP/CIR/P/2019/123 dated November 05, 2019, entities in the securities market, as may be notified by the Central Government, shall be allowed to undertake Aadhaar Authentication under section 11A of the PMLA. These entities would be registered with UIDAI as KYC user agency ("KUA") and shall allow all the SEBI registered intermediaries / mutual fund distributors to undertake Aadhaar Authentication of their clients for the purpose of KYC through them.

1. For entering into account based relationship, the client may provide the following information to the intermediary:
  - i. Name
  - ii. Aadhaar number
  - iii. Permanent Account Number (PAN)
2. The above information can be provided by the client electronically including through any web enabled device.
3. The intermediary shall perform verification of the client with UIDAI through biometric authentication (fingerprint or iris scanning). Mutual Funds can also perform verification of the client with UIDAI through One Time password (OTP) received on client's mobile number or on e-mail address registered with UIDAI provided, the amount invested by the client does not exceed Rs. 50,000 per financial year per Mutual Fund and payment for the same is made through electronic transfer from the client's bank account registered with that Mutual Fund.
4. PAN of such client is to be verified from the income tax website.
5. After due validation of Aadhaar number provided by the client, the intermediary (acting as KUA) shall receive the KYC information about the client from UIDAI through KSA.
6. The information downloaded from UIDAI shall be considered as sufficient information for the purpose of KYC verification. The intermediary shall upload this KYC information on the KRA system in terms of KRA Regulations.
7. In case material difference is observed either in the name (as observed in the PAN vis-a-vis Aadhaar) or photograph in Aadhaar is not clear, the intermediary shall carry out additional due diligence and maintain a record of the additional documents sought pursuant to such due diligence.
8. The records of KYC information so received shall be maintained by the intermediary as per the SEBI Act, Regulations and various circulars issued thereunder.

In addition to the above, SEBI, vide its Circular no:

SEBI/HO/IMD/DF2/OW/P/2016/0000006768/1 dated March 08, 2016, has clarified that in case of Aadhaar based e-KYC also the investment in mutual fund scheme upto INR 50,000 per investor per financial year per mutual fund shall continue to be exempted from the requirement of PAN

### Central KYC

Pursuant to SEBI circular no: CIR/MIRSD/ 66 /2016 dated July 21, 2016 the registered intermediaries shall upload the KYC data with Central KYC Records Registry (CKYCR), in respect of all individual accounts opened on or after August 1, 2016, wherever KYC is required to be carried out as per the circulars issued by SEBI from time to time and accordingly, shall take steps to prepare their systems for uploading the KYC data.

Further, SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2021/31 dated March 10, 2021 has mandated to upload the KYC records of Legal Entity (other than individuals) accounts as well opened on or after April 01, 2021 on to CKYCR in terms of Rule 9 (1A) of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. For Legal Entity accounts opened prior to April 1, 2021, the KYC records are required

to be uploaded on to CKYCR when the updated KYC information is obtained/received from the client.

## **TRANSFER AND TRANSMISSION OF UNITS**

### **Transfer of Units**

Transfer and/or Transmission of units under a folio can be only by virtue of death, insolvency, operation of law. All requests for such transfer/transmission will be accepted and processed by the Fund (subject to standard validation norms) and subject to production of satisfactory evidence to effect the transfer. In cases where the transferee is not eligible to hold the Units, the Units will be redeemed and the proceeds will be disbursed to the transferee if such transferee is entitled to the same. Any request received by virtue of dispute between the existing unitholders, the Fund will be able to process such requests based on order by the competent authority.

In accordance with clause 14.4.4. of SEBI Master Circular for Mutual Funds dated June 27, 2024 on transferability of mutual fund units, units of all the schemes of the Fund which are held in demat form shall be freely transferable under the depository system.

Transfer of units held in Non-Demat [Statement of Account ('SOA')] mode:

Pursuant to the provisions of AMFI Best Practices Guidelines Circular No.16 /2024-25 dated August 14, 2024, units held by individual unitholders under Resident/non- resident individual category in Non-Demat ('SoA') mode can be transferred under the following categories:

- a. surviving joint holder, who wants to add new joint holder(s) in the folio upon demise of one or more joint unitholder(s).
- b. Nominee of a deceased unitholder, who wants to transfer the units to the legal heirs of the deceased unitholder, post the transmission of units in the name of the nominee;
- c. a minor unitholder who has turned a major and has changed his/her status from minor to major, wants to add the name of the parent/guardian, sibling, spouse etc. in the folio as joint holder(s).

Partial transfer of units held in a folio shall be allowed. However, if the balance units in the transferor's folio falls below specified threshold / minimum number of units as specified in the SID, such residual units shall be compulsorily redeemed, and the redemption amount will be paid to the transferor.

If the request for transfer of units is lodged on the record date, the IDCW payout/ reinvestment shall be made to the transferor.

Redemption of the transferred units shall not be allowed for 10 days from the date of transfer. This will enable the investor to revert in case the transfer is initiated fraudulently.

The facility for transfer of Units held in Non-Demat (SOA) mode shall be made available only through online mode via the transaction portals of the RTAs and the MF Central i.e., the transfer of units held in SoA mode shall not be allowed through physical/ paper-based mode or via the stock exchange platforms, MFU, channel partners and EOPs etc.

Pre-Requisites for Transfer and payment of Stamp Duty

- i. The surviving unit holder /nominee/minor unitholder who has turned major, should be registered as the rightful unitholder of the units in the folio to be eligible to apply for transfer of units held in SOA mode;
- ii. There should be no "lien" or freeze on the units being transferred for any reason whatsoever. Also, the Units should not be under any lock-in period.
- iii. The transferee(s) should mandatorily be an individual / individual(s) with a valid folio in the mutual fund in which the transferor wishes to transfer the units. The Transferee should hold KYC validated status with valid PAN, CBS account details, email address and mobile Number. Transferee should mandatorily have submitted
- iv. duly completed Nomination form or Opt-out declaration. Transferee should be eligible to hold the Units as per the respective SID and fulfil any other regulatory requirement as may be applicable.

v. The primary holder, Plan, Option, and the ARN (in case of Regular Plan) in the transferor's Folio shall remain unchanged upon transfer of units in the transferee folio.

### **Payment of Stamp duty on Transfer of Units:**

I. The Stamp duty for transfer of units, if/where applicable, shall be payable by the transferor.

II. For calculation of the amount of stamp duty, the consideration value will be calculated as per the last available NAV (irrespective of the amount of consideration mentioned by the transferor in the transfer request).

III. The stamp duty if/where applicable, shall be collected by the RTAs from the transferor through online mode by ensuring that the payment is received from the bank account registered in the folio.

### **Transmission of Units**

If Units are held in a single name by the Unit Holder, Units shall be transmitted in favor of the nominee where the Unit Holder has appointed a nominee upon production of death certificate or any other documents to the satisfaction of the AMC / Registrar. If the Unit Holder has not appointed a nominee or in the case where the nominee dies before the Unit Holder, the Units shall be transmitted in favor of or as otherwise directed by the Unit Holder's personal representative(s) on production of the death certificate and / or any other documents to the satisfaction of the AMC / Registrar. If Units are held by more than one registered Unit Holder, then, upon death of one of the Unit Holders, the Units shall be transmitted in favor of the remaining Holder(s) (in the order in which the names appear in the register of Unit Holders with the Registrar) on production of a death certificate and / or any other documents to the satisfaction of the AMC /Registrar and to the nominee only upon death of all the Unit Holders.

AMFI had wide its best practice Circular dated January 28, 2011 as amended from time to time recommended Mutual Funds to implement certain standardized procedures with regard to Transmission facility as follows:-

1. Investor claiming the transmission of units in his/ their names are required to submit the prescribed documents based on the kind of scenario for transmission.

2. In the event of transmission of units to minor, documents submitted including KYC, bank attestation, indemnity etc. should be of the guardian of the minor.

3. The fund may also seek additional documents if the amount involved is above Rs. 2 lakhs, on the case to case basis or depending upon the circumstances of each case.

4. Investors/ Unitholders are requested to refer the "Transmission Documents Matrix – Ready Reckoner" mentioned under Download section of our website [www.shriramamc.in](http://www.shriramamc.in), for ready reference of the various documents required under different scenarios of Transmission as mentioned below:

- To surviving unitholders in case of death of one or more unitholders;
- To registered nominee(s) in case of death of sole or all unitholders;
- To claimant(s) where nominee is not registered in case of death of sole or all unitholders;
- Transmission in case of HUF due to death of Karta.

5. A copy of PAN or another proof of identity of nominee(s)/ claimant(s) may not be required if KYC issued by CVL is made available.

6. In the event of transmission of units in favour of the minor, various documents like KYC, PAN, Bank details, indemnity etc. should be of the guardian of the minor.

7. The Fund/ AMC/ RTA may seek additional documents, if the amount of transmission is Rs. Two Lakhs and above, on a case to case basis. Investors/ Unitholders are requested to refer the Matrix, referred in point (4) above.

The Fund/ AMC/ RTA may seek additional documents, apart from those mentioned in each of the above cases. Investors are requested to refer National Institute of Securities Market (NISM) guidelines on select mutual fund services processes & AMFI vide its Best Practice Circular Guidelines dated February 9, 2011, on our website [www.shriramamc.in](http://www.shriramamc.in) for the list of prescribed documents required in respect of abovementioned cases and any other clarifications on the same.

To avoid the risks of frauds and enhance operational efficiency, the AMC will not accept Transmission-cum Redemption request. Instead,

the AMC will first accept and process the request for transmission of units with proper documentations and thereafter accept and process redemption request. The said changes will be effective from April 01, 2015.

#### (4) Duration of the Scheme/ Winding up

The duration of the Scheme is perpetual. However, in accordance with the Regulations,

I. Scheme of the Mutual Fund is to be wound up:

(a) There are changes in the capital markets, fiscal laws or legal system, or any event or series of event occurs, which, in the opinion of the Trustee, requires the Scheme to be wound up; or

(b) If 75% of the Unit Holders of the Scheme pass a resolution that the Scheme be wound up; or

(c) If SEBI so directs in the interests of Unit Holders.

II. If the Scheme is so wound up, the Trustee shall give notice within one day disclosing the circumstances leading to the winding up of the Scheme:

(a) To SEBI; and

(b) In two daily newspapers having a circulation all over India, and in a vernacular newspaper with circulation in Mumbai.

Provided that where a scheme is to be wound up under sub – clause (a) of clause I above, the trustees shall obtain consent of the unit holders participating in the voting by simple majority on the basis of one vote per unit and publish the results of voting within forty five days from the publication of notice under clause II:

Provided further that in case the trustees fail to obtain the required consent of the unitholders under sub clause (a) of clause I the schemes shall be reopened for business activities from the second business day after publication of results of the voting.

On and from the date of the publication of notice of winding up, the Trustee or the AMC, as the case may be, shall:

(a) Cease to carry on any business activities in respect of the Scheme so wound up;

(b) Cease to create or cancel Units in the Scheme; and

(c) Cease to issue or redeem Units in the Scheme.

#### (5) Procedure and Manner of Winding Up

The Trustee shall call a meeting of the Unit Holders to approve, by simple majority of the Unit Holders present and voting at the meeting, a resolution authorizing the Trustee or any other person to take steps for winding up of the Scheme.

The Trustee, or other person authorized as above, shall dispose of the assets of the Scheme concerned in the best interest of Unit Holders of the Scheme. The proceeds of sale shall be first utilized towards discharge of such liabilities as are due and payable under the Scheme, and, after meeting the expenses connected with the winding up, the balance shall be paid to the Unit Holders in proportion to their respective interests in the assets of the Scheme, as on the date when the decision for winding up was taken.

On completion of the winding up, the Trustee shall forward to SEBI and Unit Holders a report on the winding up, detailing, the circumstances leading to the winding up, the steps taken for disposal of the assets of the Scheme before winding up, net assets available for distribution to the Unit Holders and a certificate from the Auditors of the Fund.

Notwithstanding anything contained herein above, the provisions of the SEBI Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until winding up is completed or the Scheme ceases to exist.

After the receipt of the Trustee's report referred to above, and if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

#### (6) Suspension of Purchase of Units

Subject to the approval of the Boards of the AMC and of the Trustee, and subject also to necessary communication of the same to SEBI, the determination of the NAV of the Units of the Scheme, and consequently of the Purchase and switching of Units, may be temporarily suspended in any of the conditions described below:

a) When one or more stock exchanges or markets which provide the basis of valuation for a substantial portion of the assets of the

Scheme is closed otherwise than for ordinary holidays.

b) When, as a result of political, economic or monetary events or any other circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme is not considered to be reasonably practicable or might otherwise be detrimental to the interests of the Unit Holders.

c) In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, so that the value of the securities of the Scheme cannot be accurately or reliably arrived at.

d) If, in the opinion of the AMC, extreme volatility of markets causes or might cause, prejudice to the interests of the Unit Holders of the Scheme.

e) In case of natural calamities, war, strikes, riots, and bandhs.

f) In case of any other event of force majeure or disaster that in the opinion of the AMC affects the normal functioning of the AMC or the Registrar.

g) If so directed by SEBI.

h) If so directed by the Board of AMC or Trustee.

In any of the above eventualities, the time limits for processing requests for subscription of Units will not be applicable. All types of subscription of Units will be processed on the basis of the immediately next Applicable NAV after the resumption of dealings in Units.

#### (7) Unclaimed Redemptions & Income Distribution Cum Capital Withdrawal (IDCW) Amount

SEBI vide its clause 14.3 of Master Circular for Mutual Funds dated June 27, 2024, asked Mutual Funds to follow the following guidelines, the unclaimed Redemption and IDCW amounts shall be deployed by the Fund in call money market or money market instruments or in a separate plan of only overnight scheme / Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts. Provided that such schemes where the unclaimed redemption and IDCW amounts are deployed shall be only those Overnight Scheme/ Liquid Scheme / Money Market Mutual Fund Schemes which are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix as per clause 17.5 of SEBI Master Circular for Mutual Funds dated June 27, 2024 . The AMCs shall not be permitted to charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped as per the TER of direct plan or at 50 bps whichever is lower. The investment management and advisory fee charged by the AMC for managing such unclaimed amounts deployed by Mutual Funds in Call Money Market or Money Market instruments, shall not exceed 50 basis points. Investors who claim the unclaimed amounts during a period of three years from the due date shall be paid initial unclaimed amount along-with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education. In terms of the circular, the onus is on the AMC to make a continuous effort to remind investors through letters to take their unclaimed amounts.

As per SEBI Letter dated January 22, 2025, unclaimed redemption and dividend amounts are to be transferred by the Asset Management Company (AMC) to the Unclaimed Dividend and Redemption Scheme (UDRS) after a period of 90 days and no later than 105 days from the date of issuance of the instruments. The AMC shall maintain separate schemes or plans for unclaimed IDCW and redemption amounts pending for less than three years and for more than three years. Upon completion of the initial three-year period, such units shall be transferred to UDRS within 10 business days of the subsequent month. Furthermore, income accrued on these unclaimed amounts beyond three years will be transferred on a monthly basis (on or before the 10th calendar day of the following month) to the Investor Education and Protection Fund as specified by SEBI.

Further, to ensure Mutual Funds play a pro-active role in tracing the rightful owner of the unclaimed amounts:

a. Mutual Funds shall be required to provide on their website, the list of names and addresses of investors in whose folios there are unclaimed amounts.

b. AMFI shall also provide on its website, the consolidated list of investors across Mutual Fund industry, in whose folios there are unclaimed amounts. The information provided herein shall contain name of investor, address of investor and name of Mutual Fund/s with whom unclaimed amount lies.

c. Information at point (a) & (b) above may be obtained by investor only upon providing his proper credentials (like PAN, date of birth, etc.) along-with adequate security control measures being put in place by Mutual Fund / AMFI.

d. The website of Mutual Funds and AMFI shall also provide information on the process of claiming the unclaimed amount and the necessary forms / documents required for the same.

e. Further, the information on unclaimed amount alongwith its prevailing value (based on income earned on deployment of such unclaimed amount), shall be separately disclosed to investors through the periodic statement of accounts / Consolidated Account

Statement sent to the investors.

The details of such unclaimed amounts and the number of such investors for each scheme shall be disclosed in the annual report sent to the Unit Holders.

## **C. General Information**

### **UNDERWRITING BY THE FUND**

Subject to the Regulations, the Scheme may enter into underwriting agreements only after the Fund obtains a certificate of registration in terms of the Securities and Exchange Board of India (Underwriters) Rules and Securities and Exchange Board of India (Underwriters) Regulations, 1993, authorising it to carry on activities as underwriters.

The capital adequacy norms for the purpose of underwriting shall be the net assets of the Scheme and the underwriting obligation of the Scheme shall not at any time exceed the total net asset value of the Scheme.

### **SECURITIES LENDING AND BORROWING**

Subject to the SEBI Regulations, the Mutual Fund may, engage in Securities Lending. Such investments shall be made when in view of the Fund Manager; such investments could provide reasonable returns commensurate with risks associated with such investments and shall be made in accordance with the investment objective of the Scheme. Securities Lending means the lending of Securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio. The securities lent will be returned by the borrower on the expiry of the stipulated period. The lending transactions may require procurement of collateral which would exceed in value, the value of the securities lent. The collateral can be in the form of cash, bank guarantee, government securities or certificate of deposits or other securities as may be agreed. As with other modes of extensions of credit, there are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of securities i.e. the scheme and the approved intermediary. Such failure can result in the possible loss of rights to the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent out securities and this can lead to temporary illiquidity. The AMC with a view to protecting the interests of the investors, may increase exposure in stock lending activities as deemed fit from time to time. If permitted by SEBI under extant regulations/guidelines, the scheme may also engage in stock borrowing. The Scheme may also enter into 'Repo/Reverse Repo' transactions, as may be permitted from time to time. Stock borrowing means the borrowing of stock from another person or entity for a fixed period of time, at a negotiated compensation. The securities borrowed will be returned to the lender on expiry of the stipulated period.

### **BORROWING BY THE MUTUAL FUND**

Under the Regulations, the Fund is allowed to borrow to meet its temporary liquidity needs of the Fund for the purpose of repurchase, redemption of Units or payment of interest or dividend to the Unitholders. Further, as per the Regulations, the Fund shall not borrow more than 20% of the Net Assets of the Scheme and the duration of such borrowing shall not exceed a period of six months. The Fund may raise such borrowings after approval by the Trustee from any of its Sponsors/Associate/Group companies/Commercial Banks in India or any other entity at market related rates prevailing at the time and applicable to similar borrowings. The security for such borrowings, if required, will be as determined by the Trustee. Such borrowings, if raised, may result in a cost, which would be dealt with in consultation with the Trustees.

Further, vide its Best Practice Guidelines Circular No. 71/2017-18 dated March 23, 2018 AMFI has recommended that cost of borrowing made to manage redemptions, to the extent of YTM/ running yield of the fund as on previous day, should be charged to the scheme and any access cost over YTM/ running yield of the previous day may be borne by the AMC, and in case of any reversal subsequently, the same should be disclosed separately.

### **INTER-SCHEME TRANSFER OF INVESTMENTS :**

Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if -

(a) Such transfers are done at the prevailing market price for quoted instruments on spot basis.

*Explanation : "spot basis" shall have same meaning as specified by stock exchange for spot transactions.*

(b) The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

In order to ensure that such Inter Schemes Transfers (ISTs) of securities are in conformity with the above objective, additional safeguards

have been prescribed by SEBI vide its circular no. SEBI/HO/IMD/DF4/CIR/ P/2020/202 dated October 08, 2020. ISTs shall be undertaken in compliance with the guidelines/requirements as specified in the said SEBI circular as well.

## 2. Aggregate investment in the Scheme under the following categories:

In accordance with Paragraph on ‘Scheme Related Disclosures’ of SEBI Master Circular for Mutual Funds dated June 27, 2024, please find below the aggregate investment in the respective Scheme(s) by Board of Directors of Shriram Asset Management Co. Ltd and key personnel as on April 30 2025:

Scheme Name	Aggregate amount invested in the Scheme as on May 31 , 2025 (market value in Rs.)		
	AMC's Board of Directors	Key personnel (excluding Fund Manager)	Fund Manager
SHRIRAM FLEXI CAP FUND	2,50,24,371.99	2,77,28,695.43	10,95,843.93
SHRIRAM MULTI ASSET ALLOCATION FUND	5,23,52,851.46	1,62,21,278.49	10,82,192.51
SHRIRAM OVERNIGHT FUND	795,396	-	-
SHRIRAM AGGRESSIVE HYBRID FUND	25,14,592.51	39,92,653.36	7,59,782.49
SHRIRAM LIQUID FUND	1,34,424.62	4,37,390.45	1,50,115.32
SHRIRAM MULTI SECTOR ROTATION FUND	74,57,802.71	30,05,068.24	2,05,135.24
SHRIRAM ELSS TAX SAVER FUND	5,15,847.92	20,99,071.87	6,14,076.70
SHRIRAM BALANCED ADVANTAGE FUND	5,80,953.59	19,27,605.93	6,91,456.06

Note: Mr. Kartik Jain is considered under Key Managerial Personnel as well as Director.

## 3. Dematerialisation and Rematerialisation procedures

What is De-materialization or conversion of mutual fund units into De-mat mode?

In case investors are holding Mutual Fund Units in the physical form, (i. e. represented by a Statement of Account) they can convert this units into dematerialised form in their demat account with any Depository Participant (DP) of NSDL or CDSL. DP has enabled holding of mutual fund units [represented by Statement of Account] in dematerialised form. Investor can use their existing demat accounts for converting mutual fund units in dematerialised form. Please note that once mutual funds are in demat form, investors can sell/redeem units (other than listed scheme units) either through stock broker through the Exchange platform (BSE Star & NSE MFSS) or through their Depository Participant.

How to apply for / get allotment of units in Demat mode?

In order to apply for/get allotment of units in Demat mode, investor needs to select the unit holding option mode as Demat in the application form and specify the DP name, DP ID/Client ID of beneficiary in the application. It is advisable to enclose copy of latest Client Master List (CML) received from the DP along with application form. Units will be directly credited to the investor's demat account after the realization of funds and depositories will issue a statement.

In case the initial purchase is done, demat details will be validated with the respective depository participant. Upon successful validation, units will be initiated for allotment in demat mode within 5 business days, subject to realization of funds. For New Fund Offer within 4 business days from the date of allotment. In case of SIP transactions, units will be credited to investor's demat account on a weekly basis, subject to realization of funds in the previous week.

What will happen if there is a discrepancy in the details provided to the AMC and to the demat service providers?

If the details mentioned in the application are not matching with the Depository data, then units will be issued in physical mode and statement of account will be issued to the unit holder.

How to convert the units held in SoA mode to Demat mode?

a. Investor needs to submit the Conversion Request Form (CRF), along with the Statement of Account (SOA), which enlists his/her MF holdings.

- b. Investor submitting the CRF should declare to DP that units held in his/her name are not in demat mode as yet, and no certificates are issued against these units (Note: This self-declaration is a part of CRF).
- c. Investor should submit a separate CRF for multiple SOAs, representing different scheme names and ISINs held under the same Folio number.
- d. Investor should submit a separate CRF for each Demat Account held with the DP.
- e. Investor should submit a separate CRF for locked in and free units held under the same for CRF.
- f. After due verification, the DP would send the CRF to respective depository in which investor is having an account. Depository will send that CRF details to AMC/RTA. Post verification, AMC/RTA will confirm the conversion request raised by the DP and units will be credited in investor's demat account.

How to convert the units held in Demat mode to Remat mode?

- a. Investor needs to submit the Conversion Request Form (CRF) for conversion of units from demat mode to remat (SOA/physical) mode.
- b. He/she needs to attach demat account statement along with form as a proof of holding units in the demat form.
- c. After verification, DP will process & register the request in their system. An electronic number gets generated and then DP forwards the request to the AMC/RTA.
- d. AMC/RTA conduct their own due diligence and on completion of that they report the request and confirm conversion of units into physical mode.

How to redeem the units held in Demat mode?

- a. Redemption request can be placed through Depository Participants & Exchange platforms like NSE MFSS/BSE STAR.
- b. After due verification, DP or Exchange Platforms will execute electronic redemption request. It will be electronically forwarded to AMC/RTA.
- c. AMC/RTA will verify the redemption request and if in order, confirm it in depository system. This will result in debit of mutual fund units from investor's demat account.
- d. AMC/RTA will arrange the credit of redemption amount to bank account which is linked to investor's demat account for DP redemptions only.
- e. AMC/RTA will arrange the credit of redemption amount to exchange and exchange will credit the amount to member/investor bank account which is linked to investor's demat account for Exchange platforms like NSE MFSS/BSE STAR.

Is switch-transaction permissible if the units are held in Demat?

Yes. Switch transaction is permissible only through the Stock Exchange Platform. Investor will not be able to switch by submitting switch request to AMC/RTA if units are held in demat mode.

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

Investor is required to contact DP for any change in his/her profile and bank account details if units are held in demat mode. There is no need to provide any request to RTA as the basic information are shared by both NSDL/CDSL to RTA on weekly basis.

Can Non Resident Indians (NRIs) convert their Mutual Fund Units into dematerialized form through their DPs?

Yes.

#### **4. ASBA disclosures:**

ASBA facility: An investor can subscribe to NFO through "Applications Supported by Blocked Amount(ASBA)" facility by applying for the

Units offered under the Scheme(s) in the ASBA Application Form and following the procedure as prescribed in the form.

- a. Any discrepancy in the application on account of address or residence status, the application will be rejected and the money will be refunded upon confirmation from KRA.
- b. Additional Mode of Payment through Applications Supported by Blocked Amount (Applicable during NFO period)

As defined under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, "Application Supported by Blocked Amount (ASBA)" means an application for subscribing to a public issue or rights issue, along with an authorisation to Self-Certified Syndicate Bank ('SCSB') to block the application money in a bank account. The ASBA facility shall co-exist with the current process, wherein cheques / demand drafts are accepted by Mutual Funds as a mode of payment for subscription.

Self-Certified Syndicate Bank (SCSB) means a banker to an issue registered with SEBI, which offers the facility of ASBA. The SCSB shall identify its Designated Branches (DBs) at which an ASBA investor shall submit the ASBA form. SCSB shall also identify the Controlling Branch (CB) which shall act as a coordinating Branch for the Registrars. The list of banks that have been notified by SEBI to act as SCSBs for the ASBA and their designated branches is available on the website of SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)).

### **Process to be followed**

Investor intending to subscribe to Units of NFO through ASBA, shall submit a duly completed ASBA form to an SCSB, with whom his / her bank account is maintained and will be provided an acknowledgement. The ASBA Application Form towards the subscription of Units can be submitted through one of the following modes –

- a) Submit the form physically with the Designated Branches (DBs) of the SCSB ("Physical ASBA"); or
- b) Submit the form electronically through the internet banking facility offered by the SCSB ("Electronic ASBA").

- I. In case the bank account specified in the ASBA form does not have sufficient credit balance to meet the application money towards the subscription of Units, the Bank shall reject the application.
- II. On acceptance of the form, the SCSB shall block funds available in the bank account specified to the extent of the application money specified in the ASBA form.
- III. The application money towards subscription of Units shall be blocked in the account until (i) allotment of Units is made or (ii) rejection of the application or (iii) winding up of the Scheme, as the case may be.
- IV. SCSBs shall unblock the bank accounts for (i) transfer of requisite money to the Mutual Fund / Scheme bank account against each valid application on allotment or (ii) in case the application is rejected.

### **Mechanism for Redressal of Investor Grievances**

o All grievances relating to the ASBA facility may be addressed to the respective SCSBs, giving full details such as name, address of the applicant, number of Units applied for, counterfoil or the application reference given by the SCSBs, DBs or CBs, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Investor. If the SCSB is unable to resolve the

grievance, it shall be addressed to the Registrar and Transfer Agent M/s. Computer Age Management Services Limited (CAMS), 10, M.G.R Salai, Nungambakkam, Chennai - 600034 E-mail can be sent on : investor. [customercare@shriramamc.co.in](mailto:customercare@shriramamc.co.in) o The Mutual Fund, AMC and Board of Directors of Trustee Company shall not be responsible for any acts, mistakes, errors, omissions and commissions etc. in relation to the ASBA facility

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

Portfolio turnover is defined as lesser of purchases and sales as a percentage of the average corpus of the Scheme during a specified period of time. For all open ended scheme(s) of Shriram Mutual Fund, it is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio(s). Active asset allocation would impact portfolio turnover.

## A. ASSOCIATE TRANSACTIONS:

### 1. Investment in Group Companies

Investments in securities of group companies, if any, will be made purely on commercial considerations for the benefit of the Fund. No investment will be made in any unlisted security of an associate or group company of the Sponsor and in any security issued by the way of private placement by an associate or group company of the Sponsor. Further, investments in listed securities of the group company of the Sponsor will not exceed 25% of the net assets of each scheme of the fund.

Investment in group companies will be done only in the interest of the Fund and as per SEBI Regulations. Before making an investment, the AMC will evaluate the same on merits and on arm's length basis and in accordance with the objective of the scheme.

**Market value of investments in group companies of the Sponsor and Asset Management Company by all the schemes of the Mutual Fund and its percentage of the aggregate net asset value of the Mutual Fund as on March 31, 2025: NIL**

**Details of investment made by the scheme of the Mutual Fund more than 25% of its net assets in group companies: NIL**

**Following are the list of associates of Sponsor (as on March 31, 2025):**

- 1) Way2Wealth Brokers Private Limited
- 2) Way2Wealth Commodities Private Limited
- 3) Way2Wealth Insurance Brokers Private Limited
- 4) Shriram Insight Share Brokers Limited
- 5) Shriram Fortune Solutions Limited

**Names of Associates of the AMC are as under (as on March 31, 2025):**

- 1) Shriram Capital Private Limited
- 2) Shriram Asset Reconstruction Private Limited
- 3) Shriram Investment Holdings Private Limited
- 4) Shriram Finance Limited
- 5) Shriram General Insurance Company Limited
- 6) Shriram Life Insurance Company Limited
- 7) Shriram Overseas Investments Private Limited
- 8) Bharath Investments Pte. Limited, Singapore
- 9) SGI Philippines General Insurance Co. Inc.
- 10) Shriram Value Services Limited
- 11) Way2Wealth Insurance Brokers Private Limited
- 12) Novac Technology Solutions Private Limited
- 13) Novac Digital Services Private Limited
- 14) Shriram Credit Company Limited
- 15) Shriram Fortune Solutions Limited
- 16) Shriram Wealth Limited
- 17) Shriram Insight Share Brokers Limited
- 18) Sea Funds Management India Private Limited
- 19) Way2Wealth Brokers Private Limited
- 20) Way2Wealth Commodities Private Limited
- 21) Shriram Housing Finance Limited
- 22) Shriram Alternatives Private Limited

**Commission paid to associates/related parties/group companies of sponsor/AMC**

Name of Associate/ related parties/ group companies of Sponsor/AMC	Nature of Association	Period covered	Business given ( in Crs. & % of total business received by the fund)		Commission ( in Crs & % of total Commission paid by the fund)	
Shriram Fortune Solutions Ltd	Distribution of Scheme	01/04/2024 to 31/03/2025	198.07	14.90%	0.29	3.81%
		01/04/2023 to 31/03/2024	3.32	0.92%	0.06	1.53%
		01/04/2022 to 31/03/2023	0.11	0.11%	0.02	0.71%
Shriram Insight Share Brokers Ltd	Distribution of Scheme	01/04/2024 to 31/03/2025	51.38	3.87%	2.06	27.06%
		01/04/2023 to 31/03/2024	37.95	10.55%	1.55	41.32%
		01/04/2022 to 31/03/2023	4.83	4.95%	1.55	50.40%
Way2Wealth Securities Pvt. Ltd.	Distribution of Scheme	01/04/2024 to 31/03/2025	0	0	0.46	6.09%
		01/04/2023 to 31/03/2024	35.8	9.96%	0.28	7.57%
		01/04/2022 to 31/03/2023	3.97	4.07%	0.04	1.42%
Way2Wealth Brokers Pvt. Ltd.	Distribution of Scheme	01/04/2024 to 31/03/2025	85	6.39%	0.48	6.26%
		01/04/2023 to 31/03/2024	7.12	1.98%	0.07	1.74%
		01/04/2022 to 31/03/2023	0.91	0.94%	0.01	0.25%
Shriram Finance Limited	Distribution of Scheme	01/04/2024 to 31/03/2025	30.95	2.33%	0.08	1.08%
		01/04/2023 to 31/03/2024	2.14	0.59%	0.02	0.54%
		01/04/2022 to 31/03/2023	-	-	-	-

**Brokerage paid to associates/related parties/group companies of Sponsor/AMC**

Name of Associate/ related parties/ group companies of Sponsor/AMC	Nature of Association	Period covered	Value of transaction (in Crs. & % of total value of transaction of the fund)		Brokerage (in Crs & % of total brokerage paid by the fund)	
Shriram Insight Share Brokers Ltd.	Associate Broker	01/04/2024 to 31/03/2025	58.65	0.97%	0.05	1.28%
		01/04/2023 to 31/03/2024	40.69	1.16%	1.31	1.83%
		01/04/2022 to 31/03/2023	0.00	0.00%	0.00	0.00%
Way2Wealth Brokers Pvt. Ltd.	Associate Broker	01/04/2024 to 31/03/2025	64.51	1.06%	0.06	1.41%
		01/04/2023 to 31/03/2024	48.88	1.40%	0.05	0.06%
		01/04/2022 to 31/03/2023	21.77	1.95%	0.019	2.80%

**Additional Information pertaining to Dealing with associates – NIL**

**B. Documents Available for Inspection**

The following documents will be available for inspection at the office of the Mutual Fund at 217, 2nd Floor, Swastik Chambers, Near Junction of S.T. & C.S.T. Road, Chembur, Mumbai - 400 071, India during business hours on any day (excluding Saturdays, Sundays and public holidays) :

- a. Memorandum and Articles of Association of the AMC
- b. Investment Management Agreement
- c. Trust Deed and amendments thereto, if any
- d. Mutual Fund Registration Certificate
- e. Agreement between the Mutual Fund and the Custodian
- f. Agreement with Registrar and Share Transfer Agents
- g. Consent of Auditors to act in the said capacity
- h. Consent of Legal Advisors to act in said capacity
- i. Securities and Exchange Board of India (Mutual Funds) Regulations,1996 and amendments from time to time thereto.
- j. Indian Trusts Act, 1882.

**C. Investor Grievances Redressal Mechanism:**

Investor grievances are normally received at the Corporate Office and Administrative Head office of the AMC or at the official point of acceptance of transactions or directly by the Registrar or in info@shriramamc.in. All grievances will be forwarded to the Registrar for their necessary action. The complaints will be closely followed up with the Registrar to ensure timely redressal and prompt investor service.

**The status of complaints received, redressed and pending with the Mutual Fund**

Scheme Name	Period	Complaints Received	Complaints Redressed	Complaints Pending
Shriram Balanced Advantage Fund	2022-2023	0	0	0
	2023-2024	0	0	0
	2024-2025	0	0	0
	April 2025 – January 2026	0	0	0
Shriram Multi Asset Allocation Fund	2022-2023	0	0	0
	2023-2024	0	0	0
	2024-2025	1	1	0
	April 2025 – January 2026	0	0	0
Shriram Aggressive Hybrid Fund	2022-2023	0	0	0
	2023-2024	0	0	0
	2024-2025	0	0	0
	April 2025 – January 2026	0	0	0
Shriram ELSS Tax Saver Fund	2022-2023	0	0	0
	2023-2024	0	0	0
	2024-2025	0	0	0
	April 2025 – January 2026	0	0	0
Shriram Flexi Cap Fund	2022-2023	0	0	0
	2023-2024	0	0	0
	2024-2025	0	0	0
	April 2025 – January 2026	0	0	0
Shriram Overnight Fund	2022-2023	0	0	0
	2023-2024	0	0	0
	2024-2025	0	0	0

	April 2025 – January 2026	0	0	0
Shriram Nifty 1D Rate Liquid ETF	2022-2023	0	0	0
	2023-2024	0	0	0
	2024-2025	0	0	0
	April 2025 – January 2026	0	0	0
Shriram Liquid Fund	2022-2023	0	0	0
	2023-2024	0	0	0
	2024-2025	0	0	0
	April 2025 – January 2026	0	0	0
Shriram Multi Sector Rotation Fund	2022-2023	0	0	0
	2023-2024	0	0	0
	2024-2025	0	0	0
	April 2025 – January 2026	1	1	0
Shriram Money Market Fund	2022-2023	0	0	0
	2023-2024	0	0	0
	2024-2025	0	0	0
	April 2025 – January 2026	0	0	0
Others	2022-2023	0	0	0
	2023-2024	0	0	0
	2024-2025	1	1	0
	April 2025 – January 2026	1	1	0

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

### 1. Derivative strategies

As part of the Fund Management process, the Trustee may permit the use of derivative instruments such as index futures, stock futures and options contracts, warrants, convertible securities, swap agreements, Forward Rate Agreement (FRA) or any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with the investment objectives of the scheme.

Index futures/options are meant to be an efficient way of buying/selling an index compared to buying/selling a portfolio of physical shares representing an index for ease of execution and settlement. Index futures/options can be an efficient way of achieving the scheme's investment objective. On the fixed income side, an interest rate swap agreement from fixed rate to floating rate is an example of how derivatives can be an effective hedge for the portfolio in a rising interest rate environment.

Derivatives can be either exchange traded or can be over the counter (OTC). Exchange traded derivatives are listed and traded on Stock Exchanges whereas OTC derivative transactions are generally structured between two counterparties.

Derivatives may be high risk - high return instruments, upon leveraging. As they are highly leveraged, a small price movement in the underlying security could have a large impact on their value and may also result in a loss.

#### Position Limits :

The schemes may enter into derivative transactions in line with the guidelines prescribed by SEBI from time to time. The schemes may take exposure in derivatives up to a maximum of 50% of its AUM. These limits will be reviewed by the AMC from time to time.

Currently, the position limits for Mutual Funds and its schemes, as permitted by the SEBI Regulations, are as under:

The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme.

Exposure due to hedging positions may not be included in the above-mentioned limit subject to the following:

∅ Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.

Ø Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned above.

Ø Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.

Ø 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.

Ø 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 above.

Further, the total exposure related to option premium paid must not exceed 20% of the net assets of the scheme. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

Mutual Funds shall not write options or purchase instruments with embedded written options.

i. Position limit for Mutual Funds in index options contracts :

1. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open

interest of the market in index options, whichever is higher, per Stock Exchange.

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

ii. Position limit for Mutual Funds in index futures contracts :

1. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 1000 crore or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.

2. 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, Mutual Funds may take exposure in equity index derivatives subject to the following limits :

1. 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.

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

cash, government securities, T-Bills and similar instruments.

iv. Position limit for Mutual Funds for stock based derivative contracts :

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts, stand

modified in the following manner :-

1. For stocks having applicable market-wise position limit (MWPL) of Rs.500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs.300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower.

2. For stocks having applicable market-wise position limit (MWPL) less than Rs.500 crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs.50 crore whichever is lower.

v. Position limit for each scheme of a Mutual Fund :

The position limits for each scheme of mutual fund and disclosure requirements shall be identical to that prescribed for a sub-account of a FII.

Therefore, the scheme-wise position limit/disclosure requirements shall be -

1. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme

of a mutual fund shall not exceed the higher of: 1% of the free float market capitalisation (in terms of number of shares)

Or

5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts)

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

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

Valuation :

The traded derivatives shall be valued in accordance with the valuation method specified for traded securities (other than money market & debt securities) under sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time.

The valuation of untraded derivatives shall be done in accordance with the valuation method specified for non-traded securities (other than money market & debt securities) prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time.

Stock and Index Options :

Option contracts are of two types - Call and Put, the former being the right, but not obligation, to purchase a prescribed number of shares at a specified price before or on a specific expiration date and the latter being the right, but not obligation, to sell a prescribed number of shares at a specified price before or on a specific expiration date. The price at which the shares are contracted to be purchased or sold is called the strike price. Options that can be exercised on or before the expiration date are called American Options, while those that can be exercised only on the expiration date are called European Options. In India, all individual stock options are American Options, whereas all index options are European Options. Option contracts are designated by the type of option, name of the underlying, expiry month and the strike price.

Strategies that employ Options :

Buying a Call Option : Let us assume that the Fund buys a call option of XYZ Ltd. with strike price of Rs. 1000, at a premium of Rs. 25. If the market price of ABC Ltd on the expiration date is more than Rs. 1000, the option will be exercised. The Fund will earn profits once the share price crosses Rs. 1025 (Strike Price + Premium i.e. 1000+25). Suppose the price of the stock is Rs. 1100, the option will be exercised and the Fund will buy 1 share of XYZ Ltd. from the seller of the option at Rs 1000 and sell it in the market at Rs. 1100, making a profit of Rs. 75. In another scenario, if on the expiration date the stock price falls below Rs. 1000, say it touches Rs. 900, the Fund will choose not to exercise the option. In this case the Fund loses the premium (Rs. 25), which will be the profit earned by the seller of the call option.

Risks :

In case of buying options either call/put, the maximum loss would be the premium paid in case of options expiring out of the money.

Buying a Put Option : Let us assume the Fund owns the shares of XYZ Ltd, which is trading at Rs. 500.

The fund wishes to hedge this position in the short-term as it perceives some downside to the stock in the short-term. It can buy a Put Option at Rs. 500/- by paying a premium of say Rs. 10/- In case the stock goes down to Rs. 450/- the fund has protected its downside to only the premium i.e Rs 10/- instead of Rs. 50/-. On the contrary if the stock moves up to say Rs. 550/- the fund may let the Option expire and forego the premium thereby capturing Rs. 40/- upside. The strategy is useful for downside protection at cost of foregoing some upside.

Risks :

In case of buying options either call/put, the maximum loss would be the premium paid in case of options expiring out of the money.

#### Stock and Index Futures :

The Stock Exchange, Mumbai and the National Stock Exchange have introduced Index futures on BSE Sensex (BSE 30) and Nifty (NSE-50). Generally, three futures of 1 month, 2 months and 3 months are presently traded on these exchanges. These futures will expire on the last working Thursday of the respective month.

There are futures based on stock indices as mentioned above as also futures based on individual stocks. Individual stock futures are also widely used derivative instruments for enhancing portfolio returns. Stock futures trade either at a premium or at discount to the spot prices, usually the level of premium reflective of the cost of carry. Many a times the stock-specific sentiments too have a bearing on Futures as speculators may find futures as a cost-effective way of executing their view on the stock. However, such executions usually increase the premium/discount to the spot significantly, thereby giving rise to clean arbitrage opportunities for a fund.

#### Strategies that employ Index Futures :

Illustrative list of strategies that can employ index futures :

(a) The fund has an existing equity portion invested in a basket of stocks. In case the fund manager has a view that the equity markets are headed downwards, the fund can then hedge the exposure to equity either fully or partially by initiating short futures positions in the index. A similar position in the long direction can also be initiated by the fund to hedge its position of cash and permissible equivalents. The extent to which this can be done is determined by existing guidelines.

(b) To the extent permissible by extant regulations the scheme can initiate a naked short position in an underlying index future traded on a recognized stock exchange.

In case the Nifty near month future contract trading at say, 1850, and the fund manager has a view that it will depreciate going forward, the fund can initiate a sale transaction of nifty futures at 1850 without holding a portfolio of equity stocks or any other underlying long equity position. Once the price falls to 1800 after say, 20 days the fund can initiate a square-up transaction by buying the said futures and book a profit of 50. Correspondingly the fund can take a long position without an underlying cash/ cash equivalent subject to the extant regulations.

#### Risks :

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 and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

The Long position in the Nifty will have as much loss as the gain in the short portfolio if hedged completely and would be vice versa if we were holding long portfolio, short Index.

#### Strategies that employ Stock Futures :

**Sell Spot Buy Future :** To illustrate, let us assume the fund holds the stock XYZ Ltd which is trading @ Rs. 100/- at the spot market. If for some reasons the stock trades at Rs. 98 in the futures, the fund may sell the stock and buy the futures. On the date of expiry, the fund may reverse the transactions (i.e. Buy Spot & Sell futures) and earn a risk-free Rs. 2/- (2% absolute) on its holdings. Since this is done without diluting the fund's view on the underlying stock, the fund will benefit from any upside move i.e. if on the date of futures expiry, the stock is trading at Rs. 110/- the futures too will be trading at Rs. 110/- and the fund will capture the 10% upside the stock provided and along with it the 2% arbitrage too, thereby enhancing returns to 12%.

#### Risks :

While Futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time for schemes to purchase or close out a specific futures contract.

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.

**Buy Spot Sell Future :** If the fund holds a stock XYZ Ltd which trades @ Rs 100/- at the spot market and is trading at Rs. 102/- in the futures market.

The fund may buy the spot and sell the futures and earn the premium of Rs.2 /- which is risk-free. However this strategy can be used only when the fund is sitting in cash and is looking at enhancing the returns on the cash.

#### Risks :

While Futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points

in time for schemes to purchase or close out a specific futures contract.

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.

**Sell Future :** This helps in shorting the market and taking a direct short position in the market. Futures facilitate a short position if fund manager has a bearish view in the market. Sold Futures can be repurchased any time up to the date of its expiry. If not re-purchased, it is automatically squared-off on the expiry date at Spot Rate.

#### Risks :

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 and the inability of derivatives to correlate perfectly with underlying assets, rates and

indices.

Buy Future : If the fund wants to initiate a long position in a stock whose spot price is at say, Rs. 100/- and futures is at Rs. 98/-, the fund may just buy the futures contract instead of the spot thereby benefiting from a lower cost option.

Risks :

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 and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Interest Rate Swaps :

The Indian markets have faced high volatility in debt and equity markets. An interest rate swap is a contractual agreement between two counter-parties to exchange streams of interest amount on a notional principal basis. In this, one party agrees to pay a fixed stream of interest amount against receiving a variable or floating stream of interest amount. The variable or floating part is determined on a periodical basis. Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI.

Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.

Let us look at an example of an interest rate swap :

Entity A has a Rs.20 crores, 3 month asset which is being funded through call. Entity B, on the other hand, has deployed in overnight call money market a Rs.20 crores, 3 month liability. Both the entities are taking on an interest rate risk.

To hedge against the interest rate risk, both the entities can enter into a 3 month swap agreement based on say MIBOR (Mumbai Inter Bank Offered Rate). Through this swap, entity B will receive a fixed pre agreed rate (say 8%) and pay NSE MIBOR ("the benchmark rate") which will neutralize the interest rate risk of lending in call. Similarly, entity A will neutralize its interest rate risk from call borrowing as it will pay 8% and receive interest at the benchmark rate.

Assuming the swap is for Rs. 20 crores 1st September to 1st December, Entity A is a floating rate receiver at the overnight compounded rate and Entity B is a fixed rate receiver. On a daily basis, the benchmark rate fixed by NSE will be tracked by them.

On December 1, they will calculate as explained below:

Entity A is entitled to receive daily compounded call rate for 92 days and pay 8% fixed. Entity B is entitled to receive interest on Rs.20 crores @ 8% i.e. Rs.40.33 lakhs, and pay the compounded benchmark rate.

Thus on December 1, if the total interest on the daily overnight compounded benchmark rate is higher than Rs.40.33 lakhs, entity B will pay entity A the difference and vice versa.

Forward Rate Agreement (FRA)

A FRA is basically a forward starting IRS. It is an agreement between two parties to pay or receive the difference between an agreed fixed rate (the FRA rate) and the interest rate (reference rate) prevailing on a stipulated future date, based on a notional principal amount for an agreed period. The only cash flow is the difference between the FRA rate and the reference rate. As is the case with IRS, the notional amounts are not exchanged in FRAs.

Example : Let us assume that a scheme has an investment of Rs.10 crore in an instrument that pays interest linked to NSE MIBOR. Since the NSE MIBOR would vary daily, the scheme is running interest rate risk on its investment and would stand to lose if rates go down. To hedge itself against this risk, the scheme could do an IRS where it receives a fixed rate (assume 10%) for the next 5 days on the notional amount of Rs. 10 crore and pay a floating rate (NSE MIBOR). In doing this, the scheme would effectively lock itself into a fixed rate of 10% for the next five days. The steps would be :

1. The scheme enters into an IRS on Rs. 10 crore from December 1, 2001 to December 6, 2001. It receives a fixed rate of interest at 10% and the counter party receives the floating rate (NSE MIBOR).

The scheme and the counter party exchange a contract of having entered into this IRS.

2. On a daily basis, the NSE MIBOR will be tracked by the counterparties to determine the floating rate payable by the scheme.

3. On December 6, 2001, the counterparties will calculate the following :

The scheme will receive interest on Rs. 10 crore at 10% p.a. for 5 days i.e. Rs.1,36,986/-

The scheme will pay the compounded NSE MIBOR for 5 days by converting its floating rate asset into a fixed rate through the IRS.

If the total interest on the compounded NSE MIBOR rate is lower than Rs. 1,36,986/-, the scheme will receive the difference from the counterparty and

vice-versa. In case the interest on compounded NSE MIBOR is higher, the scheme would make a lower return than what it would have made had it not undertaken IRS.

Risks :

Interest rate swaps and FRA require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that the derivative adds to the portfolio and the ability to forecast failure of another party (usually referred to as the "counter-party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives, the credit risk where the danger is that of a counter-party failing to honour its commitment, liquidity risk where the danger is that the derivative cannot be sold at prices that reflect the underlying assets, rates and indices, and price risk where the

market price may move in adverse fashion.

As is clear from the above examples, engaging in derivatives has the potential to help the scheme in minimising the portfolio risk and/or improve the overall portfolio returns.

Please note these examples are hypothetical in nature and are given for illustration purposes only.

The actual returns may vary depending on the market conditions.

The AMC retains the right to enter into such derivative transactions as may be permitted by the applicable regulations from time to time.

## 2. Swing Pricing

### A. Swing Pricing Framework for market dislocation:

Swing pricing refers to a process for adjusting a fund's Net Asset Value (NAV) to effectively pass on transaction costs stemming from net capital activity (i.e. flows into or out of a scheme) to the investors associated with that activity. It is aimed at reducing the impact of large redemptions on existing investors by reducing dilution of the value of a fund's units.

Accordingly, mandatory full swing during market dislocation times shall apply as under:

- Swing pricing framework will be applicable only for scenarios related to net outflows from the schemes.
- Market dislocation will be determined by SEBI either based on AMFI's recommendation or suo moto. Once market dislocation is declared, it will be notified by SEBI that swing pricing will be applicable for a specified period.
- Thereafter, mandatory swing pricing will be applicable to Schemes which:
  - a. have 'High' or 'Very High' risk on the risk-o-meter (as of the most recent period at the time of declaration of market dislocation); AND
  - b. classify themselves in the cells A-III, B-II, B-III, C-I, C-II and C-III of Potential Risk Class (PRC) Matrix
- **Swing factor** as per below matrix shall be made applicable to the above mentioned schemes and the NAV will be adjusted for the swing factor.

Swing factor				
	Max Credit Risk of the scheme →	Class A (CRV ≥ 12)	Class B (CRV ≥ 10)	Class C (CRV < 10)
	Max Interest Rate Risk of the scheme ↓			
	Class I: (Macaulay Duration ≤ 1 year)	--	--	1.5%
	Class II: (Macaulay Duration ≤ 3 years)	--	1.25%	1.75%
	Class III: Any Macaulay Duration	1%	1.5%	2%
*CRV – Credit Risk Value				

- Once swing pricing framework is triggered and swing factor is made applicable, both the incoming and outgoing investors shall get NAV adjusted for swing factor.
- Swing pricing shall be made applicable to all unitholders at PAN level with an exemption for redemptions upto Rs. 2 lacs for each scheme of MAMF.
- The scheme performance shall be computed based on unswing NAV.
- **Disclosures:** Disclosures pertaining to NAV adjusted for swing factor along with the performance impact shall be made by the AMC in the SID, Scheme wise Annual Reports and Abridged summary and on website prominently if swing pricing framework has been made applicable for the said mutual fund scheme.
- **Illustration:** Below is the example on how the swing pricing framework works, under which circumstances it is triggered and the effect on the NAV for incoming and outgoing investors:

### Impact of Swing Pricing on incoming and outgoing unitholders/investors:

1. Unswing NAV – Rs.100/- (This is before applying the swing factor).
2. Mandatory Swing Factor - 1.50%
3. NAV after Adjustment of swing factor :  $(100 - 1.5\% \text{ of } 100) = (100 - 1.50) = \text{Rs. } 98.50$

Subscription Amount	Rs.100,00,000/-
No of units to be allotted	$(100,00,000/98.50) = 101,522.843$
Redemption Amount	Rs.100,00,000/-
No of units to be redeemed	$(100,00,000/98.50) = 101,522.843$

Further, in line with the aforesaid SEBI circular, the inclusion of above-mentioned provisions pertaining to mandatory swing factor would not be considered as a Fundamental Attribute change. However, optional swing factor or higher than as specified in the Table above shall be considered as a Fundamental Attribute change of the Scheme in terms of Regulation 18(15A) of SEBI (Mutual Funds) Regulations, 1996.

### Swing Pricing during normal times

The threshold for Triggering Swing Pricing is 10% net flow from the Scheme on a business day. The amount of Swing factor based on the PRC matrix of the Scheme is 0.10%.

The AMC shall use its discretion to trigger swing pricing during normal times.

### **B. Introduction of Mandatory Swing Pricing in case of ‘Re-opening of the scheme after announcement of winding-up’**

SEBI vide its letter No. SEBI/HO/IMD/PoD-1/OW/P/2024/24219/1 dated July 30, 2024 (“SEBI Letter”) advised AMFI to add ‘Re-opening of scheme after announcement of winding up’ as one of the parameters for mandatorily triggering swing pricing and to prescribe an indicative range of swing factor for the same. AMFI has announced the norms for the same vide its Best Practice Guideline No. 135/BP/96-A/ 2024-25 dated October 25, 2024 (“AMFI Best Practice Circular”).

In accordance with the aforementioned AMFI Guidelines, the below mentioned provision’s reference shall be added be included in the Scheme Information Documents (SID) of open-ended debt schemes (except Shriram Overnight Fund) of SMF:

#### **Re-opening of Scheme after announcement of Winding Up:**

a) In cases of instances where the AMC after making an announcement to wind up a scheme, decides to roll-back the decision to wind up the scheme. Such situations may trigger large scale redemptions and hence it would be prudent to invoke the Swing Pricing mechanism to manage such a situation. In other words, if the AMC decides to reverse its decision to wind up the scheme shall mandatorily invoke the Swing pricing upon re-opening a scheme for subscriptions and redemptions post such announcement.

b) The minimum swing factor based on PRC Matrix for the parameter of “Re-opening of the scheme after announcement of Winding-Up” as per latest AMFI Best Practice circular is as follows:

	A	B	C
1	0.00%	0.05%	0.20%
2	0.05%	0.10%	0.40%
3	0.10%	0.20%	0.60%

The minimum swing factor applied would be higher of the swing factor suggested by the Board of AMC or as per suggestion in the AMFI Best Practice Circular as shown above.

c) The swing pricing period in the above instances shall be higher of:

- swing period as may be decided by the Board of AMC or
- minimum period of 7 working days, upon re-opening a scheme for subscriptions and redemptions.

### 3. Provisions on creation of Segregated portfolio/Side pocketing

In order to ensure fair treatment to all investors in case of a Credit Event and to deal with liquidity risk, SEBI as per Para 4.4.1 of SEBI Mutual Funds Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 , as amended from time to time has allowed creation of Segregated Portfolio of debt and money market instruments by mutual fund schemes.

The AMC may create a 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.

The AMC at its and discretion may create Segregated Portfolio in the Scheme, with the approval of the Trustees, subject to the following: 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.

In terms of Para 4.4.3.3 of SEBI Mutual Funds Master Circular No SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 , segregated portfolio may be created of unrated debt or money market instruments by mutual fund schemes of an issuer that does not have any outstanding rated debt or money market instruments. Such segregated portfolio can be created only in case of actual default of either the interest or principal amount.

Process for creation of Segregated Portfolio:

1. The AMC shall decide on creation of segregated portfolio on the day of credit event, as per the process laid down below:
  - a. The AMC shall seek approval of Trustees, prior to creation of the segregated portfolio.
  - b. The AMC shall immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. It shall also be disclosed that the segregation shall be subject to trustee approval. Additionally, the said press release shall be prominently disclosed on the website of the AMC.
  - c. The AMC shall ensure that till the time the Trustee approval is received, which in no case shall exceed 1 business day from the day of credit event, the subscription and redemption in the scheme shall be suspended for processing with respect to creation of units and payment on redemptions.
2. Upon receipt of approval from Trustees:
  - a. The segregated portfolio shall be effective from the day of credit event
  - b. The AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information shall also be submitted to SEBI.
  - c. An e-mail or SMS should be sent to all unit holders of the concerned scheme.
  - d. The NAV of both segregated and main portfolio shall be disclosed from the day of the credit event.
  - e. All existing investors in the scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.
  - f. No redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests.
3. If the trustees do not approve the proposal to segregate portfolio, the AMC shall issue a press release immediately informing investors of the same.

Valuation and processing of subscriptions and redemptions:

1. Notwithstanding the decision to segregate the debt and money market instrument, the valuation shall take into account the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets) in terms of the relevant provisions of SEBI (Mutual Funds) Regulations, 1996 and Circular(s) issued thereunder
2. All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as per the existing circular on applicability of NAV as under:

- a. Upon trustees' approval to create a segregated portfolio
- i. Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
- ii. Investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV.
- b. In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.

**Periodic Disclosures:**

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 should clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.
- 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.

**3. TER for the Segregated Portfolio**

- a. AMC shall not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro rata basis only upon recovery of the investments in segregated portfolio.
- b. The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence.
- c. The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.
- d. The costs related to segregated portfolio shall in no case be charged to the main portfolio.

Investors may also note that the process followed by the AMC/Trust regarding creation of segregated portfolios shall be in accordance with the provisions laid down by SEBI in this regard, from time to time.

**Benefits and Features of Creation of Segregated Portfolio:**

1. Creation of Segregated portfolio helps ensuring fair treatment to all investors in case of a credit event and helps in managing liquidity risk during such events;
2. 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. Investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV;
4. 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;
5. 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; and
6. 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.

Numerical illustration explaining how Segregated Portfolios will work:

**Illustration of Segregated Portfolio**

Portfolio Date : 31-March-2024

Downgrade Event Date: 31-March-2024  
Downgrade Security: 8.00% A Ltd from A- to C  
Valuation Marked Down: 50%

**Portfolio on the date of credit event**

Security	Rating	Type of Security	Qty	Price per Unit (Rs.)	Market Value (Rs. in lakhs)
8.00% A Ltd*	CRISIL A-	NCD	25,000	49.552	12.39
7.80% B Ltd	CRISIL AAA	NCD	25,000	101.021	25.26
7.65% C Ltd	CRISIL AAA	NCD	21,000	100.022	21.00
8.10% D Ltd	CRISIL A-	NCD	30,000	99.548	29.86
Cash & Cash Equivalent					11.50
Net Assets (in lakhs)					100.01
Unit Capital (no. of units)					10,000
NAV per unit (Rs.)					1000.10

**Main Portfolio as on 31st March, 2024**

Security	Rating	Type of Security	Qty	Price per Unit (Rs.)	Market Value (Rs. in lakhs)
7.80% B Ltd	CRISIL AAA	NCD	25,000	101.021	25.26
7.65% C Ltd	CRISIL AAA	NCD	21,000	100.022	21.00
8.10% D Ltd	CRISIL A-	NCD	30,000	99.548	29.86
Cash & Cash Equivalent					11.50
Net Assets (in lakhs)					87.62
Unit Capital (no. of units)					10,000
NAV per unit (Rs.)					876.20

**Segregated Portfolio as on 31st March, 2024**

Security	Rating	Type of Security	Qty	Price per Unit (Rs.)	Market Value (Rs. in lakhs)
8.00% A Ltd*	CRISIL C	NCD	25,000	49.552	12.39
Net Assets (in lakhs)					12.39
Unit Capital (no. of units)					10,000
NAV per unit (INR)					123.90

\*Marked down by 50% on the date of credit EVENT. Before marked down the security was VALUED at Rs.99.105 per unit on the date of credit EVENT i.e on 31<sup>st</sup> March, 2024, NCD of 8.00% A Ltd will be MOVED to a segregated portfolio.

**Total Portfolio value after creation of segregated portfolio**

Particulars	Main Portfolio	Segregated Portfolio	Total Value (Rs. in lakhs)
Number of Units	10,000	10,000	-
NAV per unit	876.20	123.88	1000.10
Total Value (Rs, in lakhs)	87.62	12.39	100.01

**Notes:**

- . Investors who invest / subscribe to the units of the Scheme post creation of segregated portfolio shall be allotted units in the Main Portfolio only.
- . Investors redeeming their units post creation of segregated portfolio will get redemption proceeds based on NAV of main portfolio and will continue to hold units in Segregated portfolio.
- . No redemption and / or subscription shall be allowed in the Segregated Portfolio.
- . Units of Segregated portfolio shall be listed on a recognised stock exchange.

#### Monitoring by Trustees:

In order to ensure timely recovery of investments of the segregated portfolio, trustees shall ensure that:

- a. The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
- b. Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.
- c. An Action Taken Report (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.
- d. 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.

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.

#### Risk factors associated with creation of Segregated Portfolios:

1. Liquidity risk . A segregated portfolio is created when a credit event occurs at an issuer level in the scheme. This may reduce the liquidity of the security issued by the said issuer, as demand for this security may reduce. This is also further accentuated by the lack of secondary market liquidity for corporate papers in India. As per SEBI norms, the scheme is to be closed for redemption and subscriptions until the segregated portfolio is created, running the risk of investors being unable to redeem their investments. However, it may be noted that, the proposed segregated portfolio is required to be formed within one day from the occurrence of the credit event. Investors may note that no redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall list the units of the segregated portfolio on a recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests. For the units listed on the exchange, it is possible that the market price at which the units are traded may be at a discount to the NAV of such Units. There is no assurance that a deep secondary market will develop for units of segregated portfolio listed on the stock exchange. This could limit the ability of the investors to resell them.
2. Valuation risk - The valuation of the securities in the segregated portfolio is required to be carried out in line with the applicable SEBI guidelines. However, it may be difficult to ascertain the fair value of the securities due to absence of an active secondary market and difficulty to price in qualitative factors.

## 4. Short selling / stock lending

"Stock Lending" means lending of securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio

The Schemes of the Fund may engage into the short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the Board.

Subject to the SEBI (MF) Regulations and in accordance with Securities Lending Scheme, 1997, Para 12.11 of SEBI Mutual Funds Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 , as may be amended from time to time, the Scheme seeks to engage in Securities Lending.

The AMC shall adhere to the following limits should it engage in Stock Lending.

1. Not more than 20% of the net assets of the Scheme can generally be deployed in Securities lending.
2. Not more than 5% of the net assets of the Scheme can generally be deployed in Securities Lending to any single approved intermediary level.
3. The Mutual Fund may not be able to sell such lent-out securities, and this can lead to temporary illiquidity

Risks associated with Short Selling & Securities Lending: Securities Lending is a lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon. Short-selling is the sale of shares or securities that the seller does not own at the time of trading. Instead, he borrows it from someone who already owns it. Later, the short seller buys back the stock/security he shorted and returns the stock/security to the lender to close out the loan. The inherent

risks are Counterparty risk and liquidity risk of the stock/security being borrowed. The security being short sold might be illiquid or become illiquid and covering of the security might occur at a much higher price level than anticipated, leading to losses.

### E. Transaction Charges and Stamp Duty

SEBI with the intent to enable investment by people with small saving potential and to increase reach of Mutual Fund products in urban areas and in smaller towns, wherein the role of the distributor is vital, has allowed AMCs under clause 10.5. of SEBI Master Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated June 27, 2024 to deduct transaction charges for subscription of Rs. 10,000/- and above. The said transaction charges will be paid to the distributors of the Mutual Fund products (based on the type of product).

In accordance with the said circular, AMC / Mutual Fund will deduct the transaction charges from the subscription amount and pay to the distributors (based on the type of product and those who have opted to receive the transaction charges) as shown in the table below. Thereafter, the balance of the subscription amount shall be invested.

(i) Transaction charges shall be deducted for Applications for purchase/ subscription received by distributor/ agent as under:

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

(ii) Transaction charges shall not be deducted for:

- Purchases /subscriptions for an amount less than Rs. 10,000/-; and
- Transactions other than purchases/ subscriptions relating to new inflows such as Switches, etc.
- Any purchase/subscription made directly with the Fund (i.e. not through any distributor/ agent).
- Transactions carried out through the stock exchange platforms.

### Applicability of Stamp Duty:

Pursuant to Notification No. S. O. 1226 (E) and G.S.R 226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, a stamp duty @ 0.005% of the transaction value shall be levied on applicable mutual fund transactions.

Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including dividend reinvestment) to the unitholders would be reduced to that extent.

## II. DISCLOSURES AND REPORTS BY THE FUND

### 1. Account Statement/Consolidated Account Statement

The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 working days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form).

Pursuant to Regulation 36 of SEBI (Mutual Funds) Regulations, 1996 and amendments thereto, read with clause of 14.4 of SEBI Master Circular for Mutual Funds dated June 27, 2024, the investor whose transaction\*\* has been accepted by the AMC/ Mutual Fund on or after February 1, 2015 shall receive the following:

## Investors who do not hold Demat Account

As per SEBI Circular dated February 14, 2025, with effect from May 14, 2025, CAS<sup>^</sup>, based on PAN of the holders, shall be sent by Shriram Asset Management Company Limited (“the AMC”)/ CAMS, (Registrar and Transfer Agent “RTA”) to investors not holding demat account, and who have opted for delivery via electronic mode, within 12 days from the month end and to investors that have opted for delivery via physical mode, within 15 days from the month end to the investors in whose folios transactions have taken place during that month.

<sup>^</sup>CAS 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 Income distribution cum capital withdrawal, reinvestment of Income distribution cum capital withdrawal, 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.

## Investors who hold Demat Account

As per SEBI Circular dated February 14, 2025, with effect from May 14, 2025, CAS<sup>^^</sup>, based on PAN of the holders, shall be sent by Depositories to investors holding demat account and who have opted for delivery via electronic mode, within 12 days from the month end and to investors that have opted for delivery via physical mode, within 15 days from the month end to the investors in whose folios transactions have taken place during that month.

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.

<sup>^^</sup>CAS sent by Depositories is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, payout of Income distribution cum capital withdrawal, reinvestment of Income distribution cum capital withdrawal, 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.

As per SEBI Circular dated February 14, 2025, with effect from May 14, 2025, CAS shall be sent by Depositories every half yearly (September/ March), to investors that have opted for delivery via electronic mode, on or before 18th day of succeeding month and to investors that have opted for delivery via physical mode, on or before the 21st day of succeeding month, detailing holding at the end of the six months, to all such investors in whose folios/demat accounts there have been no transactions during that period.

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

1. 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 tenth day of succeeding month. Such statements shall be sent in physical form if no email id is provided in the folio.
2. In case of a specific request received from the unit holders, the AMC shall provide the account statement to the unit holder within 5 business days from the receipt of such request. If a Unit holder so desires Shriram Mutual Fund shall issue a Unit certificate (non-transferable) within 5 Business Days of the receipt of request for the certificate.
3. 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.
4. 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/order of investors in various folios/demat accounts across mutual funds / demat accounts across depository participants.
5. Investors whose folio(s)/demat account(s) are not updated with PAN shall not receive CAS.
6. Investors are therefore requested to ensure that their folio(s)/demat account(s) are updated with PAN.
7. For Unit Holders who have provided an e-mail address in KYC records, the CAS will be sent by e-mail.
8. 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.
9. Account Statements shall not be construed as proof of title and are only computer printed statements indicating the details of transactions under the Schemes during the current financial year and giving the closing balance of Units for the information of the Unit Holder.
10. Units held in the form of Account Statement 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. In case an investor has multiple accounts across two Depositories, the depository with whom the account has been opened earlier will be the default Depository.

12. On acceptance of the application for subscription, an allotment confirmation specifying the number of units allotted by way of email and/ or SMS within 5 Business Days from the date of receipt of transaction request will be sent to the Unit holders registered e-mail address and/ or mobile number. The account statement also shows your bank details, including the bank name, masked account number, and IFS code. It is crucial to verify your bank details before you make a redemption transaction since the redemption proceeds are credited to the bank account electronically or sent through a cheque with pre-printed account details.

## **2. Half Yearly Disclosures/Portfolio Disclosures/Financial Results**

The AMC/Mutual Fund shall within one month from the close of each half year, that is on March 31st and on September 30th, host a soft copy of its unaudited financial results on their website <https://www.shriramamc.in>. The half-yearly unaudited financial results shall contain details as specified in Twelfth Schedule of the SEBI (Mutual Funds) Regulations, 1996 and such other details as are necessary for the purpose of providing a true and fair view of the operations of Shriram Mutual Fund.

The AMC/Mutual Fund shall publish an advertisement disclosing the hosting of unaudited financial results on their website [www.shriramamc.in](http://www.shriramamc.in) in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Mutual Fund is situated.

The mutual fund shall publish an advertisement in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the half-yearly statement of the Scheme portfolio on its website and on the website of Association of Mutual Funds in India (AMFI). The AMC will provide a physical copy of the statement of its Scheme portfolio, without charging any cost, on specific request received from a unitholder.

## **3. Annual Report**

Pursuant to Para 5.4 of SEBI Mutual Funds Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024

The scheme wise annual report shall be hosted on the website of the Mutual Fund/ AMC <https://www.shriramamc.in/investor-statutory-disclosures> and on the website of AMFI. The Mutual Fund/ AMC shall display the link prominently on the AMC website and make the physical copies available to the unit holders, at the registered offices at all times.

Mutual Fund/ AMC shall e-mail the scheme annual reports or abridged summary thereof to those unit holders, whose email addresses are registered with the Mutual Fund, unless specified otherwise.

Mutual Fund/ AMC shall publish an advertisement every year disclosing the hosting of the scheme wise annual report on the AMC website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter), etc. 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.

Mutual Fund/ AMC shall provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on specific request received from a unit holder.

## **4. Monthly/Half Yearly Portfolio Disclosures:**

The Mutual Fund/ AMC will disclose portfolio (along with ISIN) of the Scheme in the prescribed format, as on the last day of the month / half-year i.e. March 31 and September 30, on its website viz. <https://www.shriramamc.in/investor-statutory-disclosures> and on the website of Association of Mutual Funds in India (AMFI) viz. [www.amfiindia.com](http://www.amfiindia.com) within 10 days from the close of each month/ half year respectively. In case of unitholders whose e-mail addresses are registered, the Mutual Fund/ AMC will send via email both the monthly and half yearly statement of scheme portfolio within 10 days from the close of each month/ half year respectively. Mutual Fund / AMC will publish an advertisement every half year in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the half-yearly statement of the Scheme portfolio on its website and on the website of Association of Mutual Funds in India (AMFI). Mutual Fund / AMC will provide a physical copy of the statement of its Scheme portfolio, without charging any cost, on specific request received from a unitholder.

**List of official points of acceptance & Investor Service Centre:** [https://www.shriramamc.in/contact-us#OPA\\_contact%E2%80%99%20for%20details](https://www.shriramamc.in/contact-us#OPA_contact%E2%80%99%20for%20details)

**Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.**

**For and on behalf of the Board of Directors of**

**Shriram Asset Management Company Limited**

**Sd/-**

**Kartik Jain  
Managing Director & CEO**

**Place: Mumbai**

**Date : February 27, 2026**



**SHRIRAM ASSET MANAGEMENT COMPANY LIMITED**

Registered Office :  
217, 2nd Floor, Swastik Chambers, Near Junction of S.T. & C.S.T. Road,  
Chembur, Mumbai - 400 071, India

e-mail for Investors : [info@shriramamc.in](mailto:info@shriramamc.in) | e-mail for Distributors : [dist@shriramamc.in](mailto:dist@shriramamc.in)  
website : [www.shriramamc.in](http://www.shriramamc.in)